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ABSTRACT

This publication is a curriculum and teaching guide for preparing real estate agents in the state of West Virginia. The guide contains 30 units, or lessons. Each lesson is designed to cover three to five hours of instruction time. Competencies provided for each lesson are stated in terms of what the student should be able to do as a result of the instruction. Each lesson plan is constructed in a T-form, which sets out the content of the course or the lesson on the left-hand side of the format with teaching references and recommendations to the instructor on how to present the material placed on the right side of the format. Printable handout sheets and illustrations are located at the end of the lesson to which they relate. Included with the lesson plan for each topic is a checkup quiz and an application commitment plan for students to indicate activities that he/she agrees to carry out. Each lesson is designed to be presented by an experienced, practicing real estate broker. Topics covered by the lessons in the course include orientation to real estate and legal considerations; residential construction and design considerations; residential appraising; real estate finance; overview of selling; preparing to list; prospecting for listings; obtaining listings; marketing and listing; preparing yourself for successful selling; qualifying the purchaser and the property; obtaining prospective purchasers; closing the sale; and sales and marketing roundtable. (KC)

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Competency Based Curriculum
for

REAL ESTATE AGENT

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Produced at

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PREFACE

In May, 1979, the West Virginia Department of Education invited representatives of the real estate industry to meet with Department representatives in Charleston to discuss the need for and appropriateness of a curriculum designed to meet the training needs of individuals in the real estate industry.

This meeting evolved, in part, from the recognition that the real estate industry had sponsored legislation during the 1979 Legislative Session which called for a mandatory formal education experience as a prerequisite to licensure as a real estate sales agent. Although there were some college level courses in real estate at colleges and universities throughout West Virginia, it was further recognized that real estate educational offerings were not widely available across the State to individuals desiring to become licensed.

This recognition gave rise to the May meeting attended by real estate brokers, agents, and educators.

Some of the conclusions drawn from the discussions during that meeting were:

1. There is a need for pre-employment and inservice training in the real estate agent occupation. This training should include the attitude, skill, and knowledge competencies necessary to actually perform the duties of a real estate agent.

2. A second program or curriculum should be developed for real estate brokers to enable them to exhibit the competencies necessary for brokerage operation.
3. A need exists for an identification of what tasks (competencies) an individual needs to successfully pursue a career as a real estate agent or broker.
4. The real estate community would view the efforts of the State Department's Bureau of Vocational, Technical and Adult Education in this area as a positive contribution to their profession, and would support in any way possible the development of both the task analysis and the curriculum.

Subsequently, representatives of the real estate industry and the Department of Education met to further determine and define the specific areas and competencies that an individual needs to master to successfully pursue a career as a real estate agent or broker.

These meetings concluded that the following topics were essential in the education of the real estate agent:

1. Terminology
2. Real Estate Law and Ethics
3. Construction and Design
4. Fundamentals of Salesmanship
5. Obtaining a Listing
6. Marketing the Property
7. Obtaining a Buyer

8. Real Estate Finance
9. Negotiating the Agreement
10. Closing the transaction
11. Appraising
12. Office Organization and Time Management
13. Client Service and Follow up

The ad hoc committee which developed the general topics to be included in the real estate agent curriculum further defined subtopics and time allocations for each of the above thirteen general areas.

In December, 1979, Dr. Fred Harrington, Coordinator of Curriculum Development and Dr. Edward L. Davis, Supervisor of Distributive, Cooperative and Job Placement in the Bureau of Vocational, Technical and Adult Education of the West Virginia Department of Education, and Ms. Denise Buchman, Executive Officer of the West Virginia Association of Realtors, met with Robert J. McCloy, Associate Professor of Business at Parkersburg Community College and Director of the West Virginia Realtors Institute to discuss the further development of the real estate agent curriculum. Dr. McCloy agreed to prepare the program of instruction and the project was scheduled for completion in early 1980.

Additional copies of this curriculum are available from:

Vocational Curriculum Laboratory
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I trust this material will help your program. Any suggestions you may have for improving this curriculum may be sent to our State Curriculum Lab. Through this feedback we plan to continually update our materials.

VOCATIONAL, TECHNICAL AND ADULT EDUCATION

Clarence E. Burdette
Assistant State Superintendent of Schools

ACKNOWLEDGEMENTS

Many thanks are due to many people who have provided help, background and direct input in the development and preparation of this program of instruction for real estate agents. While space restrictions prohibit listing each of these who have had a hand in the program development, several special thanks are warranted. Professor Kenneth M. Lusht, Department of Insurance and Real Estate, The Pennsylvania State University, was an early contributor and graciously provided course materials developed at Pennsylvania State University. Much of that material has been incorporated in the curriculum.

The Distributive Education Service of the Department of Education, State of Virginia, provided materials in the area of sales and marketing which have been integrated liberally throughout the curriculum.

Mrs. Gail Skinrood, President of the Skinrood Real Estate, Inc., of Falls Church, Virginia, warrants special thanks for her courtesies and commentaries in conjunction with the development of the West Virginia program of instruction. Her involvement with the development of the education program in the State of Virginia was most helpful in developing the West Virginia curriculum.

And, a special thanks to all West Virginia Realtors. The West Virginia Association of Realtors and its strong enthusiasm for education in the real estate industry has served as the main spark in the significant strides made in real estate education in West Virginia during the last decade.

INTRODUCTION
PRIMARY PURPOSE

The primary purpose of preparing this program of instruction was to provide uniformity of instruction throughout the state in developing real estate agent competencies. The Bureau of Vocational, Technical and Adult Education of the West Virginia Department of Education has had this curriculum developed to encourage instructors to strive for uniformity but also to adapt or modify the units or lessons to meet the needs of particular students or of their own instructional situations. Instructors are reminded that uniformity can be best achieved through concentration on the objectives provided for each lesson.

HOW TO USE THE MATERIALS

Each lesson is designed to cover a three to five-hour block of instruction. Materials for each lesson in the form of the content outline and supplemental materials should afford the instructor more than adequate information to present a three to five-hour class.

Competencies provided for each lesson are stated in terms of what the student should be able to do as a result of the instruction. These competencies should serve as the instructors guideline in lesson development and presentation. They should further serve as a guideline in evaluation of student performance or comprehension of the lesson.

notebook a record of his/her application experiences. The instructor is encouraged to try to allow more time to discuss such activities in class, if time permits. It would be most helpful if arrangements could be made at students' places of employment for implementation of experiences included on application commitment plans.

Each lesson is designed to be presented by an experienced, practicing real estate broker. The lessons have a flexibility that allows adaptation to various scheduling plans and input based on the experience and background of the individual instructor. In brief, the instructor should strive to make the course representative of his/her own personality, professional competencies, and occupational experiences. Instructors are encouraged to utilize role playing, case problems, brain storming, demonstrations, group discussions, and guest speakers to provide additional breadth and depth and interest for the students.

Users of this course material are encouraged to report any errors or omissions in the teaching materials to:

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Each lesson plan is constructed in a "T-Form," which sets out the content of the course or the lesson on the left hand side of the format with teaching references and recommendations to the instructor on how to present the material placed on the right side of the format. Instructors are encouraged to make notes directly on the lesson plan, reflecting any changes or additions that would tailor the lesson to reflect the instructor's own teaching style or own real estate experience.

All printable handout sheets and illustrations are located at the end of the lesson to which they relate in the order in which they are mentioned in the lesson plan. The instructor's own special pages may be inserted as needed. Included with the lesson plan for each topic is a checkup quiz and an application commitment plan.

The checkup quizzes may serve as summaries and reviews for each session as well as a measure of student achievement. These quizzes may be given at the end of the topic to which they relate, at the beginning of the next class meeting, or assigned to complete between sessions. An instructor may choose to omit certain items from any particular quiz, particularly if he/she has decided not to include the content to which the items relate. A final "exam" for the entire course has not been included, but the instructor may develop his/her own using selected items from any of the weekly quizzes.

Application commitment plans for each session have been designed to provide for application of course content. The student is asked to indicate those activities that he/she agrees to carry out, to sign his/her name to the agreement, and to keep in a separate

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UNIT I: INTRODUCTION AND LEGAL CONSIDERATIONS

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Understand the plan for the course and class procedures;
2. Explain the basic elements of a contract;
3. Explain the duties of the parties in an agency relationship;
4. Apply this information to the solving of selected case problems; and
5. Understand the application of contract law and agency law to real estate transactions.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapters 4 and 14.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapters 7 and 18.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 4 and 19.

CONTENT OUTLINE

- I. Introduction to the Course

- A. Course Purpose

TEACHING SUGGESTIONS AND REFERENCES

Introduce yourself and have the students introduce themselves by giving their names, some information about their employment, and their reasons for taking the course.

Explain that the purpose of the course is to help present and prospective real estate agents to better understand the broad spectrum of "real estate" by outlining the legal, financial, and marketing framework within which the agent operates.

B. Textbooks and References

The students should have at least one basic textbook. Any current real estate "principles and practices" textbook can be used for assignments and reading material. You can use one of those in the bibliography or any other you prefer. For ease in reference and assignments, you may want all class members to use the same book.

C. Course Content

State that this course will be a 30 sessions, 90 class hours, presentation of Real Estate Legal principles, appraisal methods, financing sources and procedures, and marketing techniques, designed to help real estate agents function more effectively.

II. Contracts

Tell the class that the law of contracts is relevant to virtually all aspects of real estate. The renting of property; the purchase or sale of property; the mortgage or deed of trust (financing) documents; the dealings between sales agents and their broker; and the relationship between the client and the agent or broker are all based on contract law.

A. Definition of Contract

A definition: "a binding enforceable agreement between two parties." Mention that there are many different definitions of a contract, and there is no one and only "correct" definition. Refer to the definition (or definitions) that is contained in the textbook.

B. Elements of a Contract

Include a discussion of the basic elements of a contract; offer and acceptance, consideration, mutual assent, capable parties, legal subject matter, and appropriate form (writing). In the discussion, use several examples of each element.

C. Performance and Discharge of Contracts

Discuss the various methods for terminating the contractual relationship by acts of the parties or by operation of law.

D. Breach of Contract and Remedies

Define breach of contract and cover anticipatory breach of contracts. Outline the remedies available to the innocent party in a breach of contract situation.

E. An Analysis of Typical Real Estate Related Contracts

By using form leases and listing agreements, review the salient provisions and relate them to the "Elements of the Contract" discussed above. Use this same approach with a form contract to "purchase or sell" real estate. Note which party is the offeror and which is the offeree. (See Attachments C and D.)

III. Agency

Orient the class to the pervasive influence of agency law in real estate. The Homeowner (seller) and the Broker or agent; the Broker and the agent; the Buyer and the agent or broker; and the listing agent and the cooperating agent - all these relationships are governed by the law of agency.

A. Definition of Agency

A definition: "Agency is a fiduciary relationship based on an agreement (contract) whereby one person, the agent, is authorized to act under the control of and for another, his principal, in business transactions with third persons." Explain that the acts of the agent usually obligate the principal to third persons and give the principal rights against the third persons. Ask the students to reflect on their experiences in past real estate dealings. If they were the home seller or home seeker, assure that they understand generally where they stood in the principal - agent - third party relationship and ask what

was done by each of the participants. Seek to determine the extent of agents' authority on behalf of the principal. For example, did the agent actually sign any documents that actually obligated the principal to the third party - or did the agent act merely as advisor and/or messenger?

B. Creation of an Agency

An agency can be established by (1) agreement; (2) estoppel; (3) ratification; or, (4) operation of law. Use the real estate "listing contract" as an example of an agency agreement; and refer to the West Virginia Real Estate Brokers Licensing Law as illustrating the creation of the agency by operation of law. (The statute mandates the Real Estate Commission or its Executive Secretary as the statutory agent for the out-of-state real estate brokers to receive service of process.)

C. Termination of the Agency Relationship

Outline to the class that the agency can terminate by act of the parties or by operation of law, viz.:

1. By act of the parties
 - a. expiration of agency agreement
 - b. agreement
 - c. option of a party
 - d. revocation by principal
 - e. renunciation by agent
2. By operation of law
 - a. death
 - b. insanity
 - c. bankruptcy
 - d. impossibility
 - e. unusual events or change of circumstances

D. Duties and
Liabilities of
Agent to
Principal

The creation of the principal - agent relationship gives rise not only to authority or powers, but also to duties and liabilities. The agent owes to the principal the duties of (1) loyalty, (2) obedience and performance, (3) reasonable care, (4) accounting, and (5) information.

E. Duties and
Liabilities of
Principal to
Agent

The principal is under certain duties to the agent and must, (1) perform the contract, (2) compensate the agent for his services, (3) reimburse the agent for proper expenditures, and (4) indemnify the agent for loss under certain circumstances.

IV. Application of the
Lessons

A. The Purchase
Agreement

Distribute copies of the Purchase Agreement for a real estate sale/purchase and ask the students to point out the various essentials of the contract as covered in the discussion.

B. The Listing
Agreement

Hand out a listing contract and ask the students to review it and discuss its form as a valid contract and restate the express and implied agency duties and responsibilities that apply relative to this agency agreement.

V. Summary and Review

A. Summary

Summarize by repeating the definition and elements of the contract; and, the definition and duties and liabilities inherent in the agency relationship.

B. Review

You may wish to use the short quiz covering this material at this time.

VI. Supplemental Materials

Attachment A	Quiz
Attachment B	Answers to Quiz
Attachment C	Application Commitment
Attachment D	Listing Agreement
Attachment E	Purchase/Sale Contract

Attachment A

QUIZ

Unit I

1. Define a contract.
2. List the elements or essentials of a contract.
3. In the typical real estate purchase contract, who is the offeror and who is the offeree?
4. What is meant by breach of contract.
5. How does the statute of frauds apply to real estate contracts?
6. Define "agency."
7. List three duties of an agent to the principal.
8. List three duties of the principal to the agent.
9. Discuss the concept of "loyalty" as a duty of the agent to the principal.
10. What agency relationship is established by the West Virginia Real Estate Licensing Law?

Attachment B
Answers to Quiz
Unit I

1. "A binding enforceable agreement between two parties."
2. Offer and acceptance, consideration, mutual assent, capable parties, legal subject matter, and appropriate form.
3. The purchaser is the offeror, and the seller is the offeree.
4. There is a breach of contract whenever one party or both parties fail to perform the contract.
5. All contracts relating to real estate must be in writing and signed by the parties in order to be enforceable in Court.
6. The relationship that exists between a person identified as a principal and another by virtue of which the latter may make contracts with third persons on behalf of the principal.
7. Loyalty, obedience, performance, reasonable care, accounting, and giving information. (any three)
8. Perform the contract, compensate the agent for his service, reimburse the agent for proper expenditures, indemnify the agent for loss under certain circumstances. (any three)
9. An agent must be loyal or faithful to his principal. He must not obtain any secret profit or advantage from his relationship. For example, if an agent knows that his employer is negotiating for a lease and secretly obtains the lease for himself, the Court will compel the agent to surrender the lease to the principal. Similarly, if a broker is retained to purchase certain property, the broker cannot purchase the property for himself either in his own name or in the name of his wife. Likewise, an agent cannot purchase property of the principal, which the agent was hired to sell, without the principal's express consent.

An agent cannot act as agent for both parties to a transaction unless both know of the dual capacity and agree to it. If he does so act without the consent of both parties, the transaction is voidable at the election of any principal who did not know of the agent's double status.
10. Out of state licensees authorize the Real Estate Commission to be their statutory agent to receive the service of process in legal proceedings.

Attachment C

APPLICATION COMMITMENT

In the Lesson Outline, at Section IV, "Application of the Lessons", the student is asked to critique the purchase agreement and the listing agreement. The application commitment plan for Lesson 1 is to have the students determine whether - on the basis of these agreements - the real estate agent or broker is a true "agent."

Instructor's Note: In many cases, a real estate broker is merely a middleman who seeks to locate a buyer or seller for his client. In such a case, the broker is not an agent because he does not have authority to make a contract with a third person that will bind his client. The instructor may wish to refer to the program of instruction for brokers to develop more on the law of agency; or, in the alternative, elect to defer discussion on "when a real estate agent is not an agent."

Attachment D

EXCLUSIVE RIGHT OF SALE

In consideration of Realtor's efforts to find a purchaser for the property described herein and the listing of said property with the undersigned agent, the undersigned seller hereby appoints Realtor as seller's exclusive agent and grants Realtor the exclusive right to sell for a period of _____ months from date hereof property known as _____ for the sum of \$ _____ payable in cash or any other price, terms or exchange to which I may consent.

If Realtor is successful in finding a purchaser for my property or if the same is sold or exchanged during the term of Realtor's exclusive agency or is sold within three months after the period of this agency, we agree to pay Realtor a commission of () () percent upon the price at which same may be sold or exchanged.

I further appoint Realtor to accept, receipt for and hold all money paid or deposited as a binder thereon and, if such deposit, shall be forfeited by the prospective purchaser, the realtor may retain one-half of the deposit but not exceeding the total amount of commission, as his compensation.

In event of such sale we will convey with full covenants of warranty, release of dower and evidence of marketable title.

Seller certifies that appliances, plumbing, electrical, heating and air conditioning systems are in operating condition and functioning properly _____

Seller will release all keys pertaining to above mentioned property upon settlement.

Listing period from _____ to _____

Seller

By _____

Seller

This agreement renewed this _____ day of _____, 19 ____ for a period of _____ days.

Agent: _____

Owner: _____

30

Attachment E

CONTRACT FOR SALE OF LAND

1- AGREEMENT, Made this _____ day of _____,
2- 19_____, between _____,
3- hereinafter called the SELLER, whether one or more, and
4- _____,
5- _____,
6- hereinafter called the PURCHASER, whether one or more,
7- WITNESSETH:
8- That the SELLER agrees to sell and convey, and the PURCHASER
9- agrees to purchase, the premises, with the buildings and im-
10- provements thereon, described as:
11- and known as _____,
12- together with all fixtures and appurtenances now on the
13- premises.
14- The price is _____
15- payable as follows: _____
16- to be held in escrow by _____
17- as a down payment pending closing of the sale. Upon closing,
18- the full purchase price shall be paid to the SELLER in cash,
19- lawful money of the United States, or certified check, subject
20- to terms and conditions hereinafter set forth:
21- The said premises are sold subject to easements, covenants,
22- conditions and restrictions of record.
23- Unpaid installments of any special assessments now a lien
24- against said premises, if any, or made prior to the closing of
25- this transaction, shall be paid by _____.
26- The following shall be apportioned and prorated as of date
27- of delivery of deed:
28- (1) Taxes for year _____. (2) Fire Protection Fee _____.
29- Purchaser acknowledges that Purchaser has Inspected said
30- premises and knows the condition thereof, and is purchasing the
31- said premises "as is" and hereby waives any and all claims on
32- account of any encroachments on the premises herein described
33- or on any premises adjacent thereto. Purchaser represents
34- that each of them is over the age of eighteen (18) years and
35- is capable of contracting.
36- Purchaser acknowledges that purchaser is purchasing the
37- property after purchaser's own examination and judgment
38- and not through any representations to purchaser made by
39- seller, or seller's agents, any real estate broker or real
40- estate salesman, as to its location, utility services, value,
41- future value or income therefrom.
42- Seller shall execute and deliver to the Purchaser a deed
43- with covenants of general warranty and free of all liens and
44- encumbrances, except as herein otherwise provided, which deed
45- shall be duly executed by the Seller at the Seller's expense,
46- proper form for recording, with sufficient revenue stamps
47- attached, so as to convey the fee simple title in the said
48- premises. The cost of all state and local transfer taxes and
49- stamps shall be paid by the Seller.

50- Seller guarantees that all plumbing, heating, and air con-
51- ditioning equipment and appliances will be in good working order
52- at time of closing.
53- This contract shall be closed, the payments made as herein-
54- before set forth, and deed delivered, within _____
55- days of the date of this Contract, unless delayed for unavoi-
56- dable causes.
57- Possession of the premises will be given and taken _____
58-
59- The realtor herein assumes no responsibility as to title
60- examination, if desired, shall be made by Purchaser at Purchaser's
61- own expense. If Purchaser's title examination discloses material
62- defects in the title, which the Seller is unable to remedy
63- within _____ (_____) days from notice
64- to Seller by Purchaser, then Purchaser may rescind this contract.
65- In event of recision by reason of title defects, the down
66- payment, hereinbefore acknowledged, shall be returned to
67- Purchaser.
68- The sale of this property is subject to the Purchaser
69- securing a _____ (_____) per cent mortgage for a period of
70- _____ (_____) years. The question of financing is to be
71- resolved within _____ (_____) days of the date of this
72- contract.
73- In the event the premises shall be damaged by fire or the
74- elements prior to the closing of this contract in an amount
75- more than ten per cent (10%) of the selling price the Seller
76- shall be obligated to repair said premises and render the same
77- in the condition in which such premises existed at the time of
78- the execution hereof.
79- Purchaser represents that _____ is the only
80- real estate broker with whom Purchaser has had any dealings
81- with respect to said premises and that said broker was the
82- procuring cause of this sale.
83- Special Provisions:
84- _____
85- _____
86- _____
87- _____
88- _____
89- _____
90- _____
91- _____
92- _____
93- _____
94- _____
95- _____
96- _____
97- _____

- 98- The Seller agrees to pay the within named realtor \$ _____
99- for services.
100- The stipulations herein bind the heirs, executors, admini-
101- strators, successors and assigns of the respective parties.
102- IN WITNESS WHEREOF, the parties hereto have signed and sealed
103- these presents the day and year first above written.

PURCHASER

SELLER

PURCHASER

SELLER

DEPOSIT RECEIPT AND ACCEPTANCE Date: _____

Receipt is hereby acknowledged, as agent for seller, of \$ _____
earnest money, subject to the terms of the above purchase offer.
The undersigned hereby agrees to endeavor to secure acceptance of
the above offer.

_____, Licensed Broker, By _____

UNIT II: LEGAL CONSIDERATIONS (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Explain the major points of the West Virginia Real Estate Licensing Law;
2. Explain the major points and purpose of the National Association of REALTORS Code of Ethics; and
3. State the reason for a title search and title opinion.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapters 12 and 13.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapters 1 and 19.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapter 20 and Appendix.

CONTENT OUTLINE

I. The Licensing Law

A. The West Virginia Law

TEACHING SUGGESTIONS AND REFERENCES

Discuss the general rationale for state licensing of the various professions and the real estate area specifically (to protect the public against incompetency or dishonesty in real estate transactions). The laws are also intended to enhance standards by which brokers and salespersons perform their functions and to protect licensed brokers and salesmen from improper or unfair competition.

The official title: "The West Virginia Real Estate Brokers Licensing Law of 1959."
(47-12-1 et seq.)

Review the provisions of the West Virginia Law by discussing the various, more important, sections of the statute. Also, review the regulations promulgated by the Real Estate Commission in furtherance of the law.

B. Administrative Regulations of the West Virginia Real Estate Commission

See Attachment B

II. The NAR Code of Ethics

Discuss generally the reason for a Code of Ethics (to promote high professional standards) and the Code of Ethics of the NAR.

III. The Title Search and Title Opinion

Discuss the reason for the title search (to determine who owns the property and what liens or encumbrances are recorded against the property) and the title opinion (the attorney's opinion, based on the title search, as to the true owner of the property).

Explain that the next segment of the instructions will orient the student to the mechanics of the title search and introduce the student to the types of deeds, the various liens and other encumbrances - including deeds of trusts, that are usually encountered in the title search. And, the title opinion will be analyzed.

IV. Application Commitment

A.

Assign (depending on class size) one or more of the 24 articles from the NAR Code of Ethics to each of the students asking that the students either write or be prepared to discuss in class the article assigned and its meaning.

V. Supplemental
Materials

Attachment A

"The West Virginia Real Estate
Brokers Licensing Law of 1959."

Attachment B

Administrative Regulations of
the West Virginia Real Estate
Commission

Attachment C

National Association of Realtors
Code of Ethics

Attachment D

Quiz

Attachment E

Answers to Quiz

Attachment D
LICENSE LAW QUIZ

MULTIPLE CHOICE

1. The license law applicable to West Virginia real estate sales persons and brokers is legally titled as:
 - a. The Real Estate Commission, Brokers and Salesmen Act
 - b. The Administrative Law of Real Estate Selling
 - c. The Real Estate Brokers License of 1959
 - d. The West Virginia Property Owners Protection Act
 - e. None of the above
2. West Virginia Real Estate Salespeople and Brokers have been licensed in this state since:
 - a. 1917
 - b. 1919
 - c. 1937
 - d. 1949
 - e. None of the above
3. The West Virginia Real Estate Licensing Law is found in the West Virginia Code at:
 - a. Chapter 47, Article 12
 - b. Chapter 15, Article 1
 - c. Chapter 16, Article 5C
 - d. Chapter 46, Article 19
 - e. None of the above
4. The licensing law does not apply to:
 - a. Attorneys-at-Law acting as agents
 - b. A person holding a bona fide power of attorney from the owner of the property authorizing the sale
 - c. Executors acting under terms of a Will
 - d. The homeowner selling his own home
 - e. All of the above
5. The West Virginia Real Estate Commission is composed of:
 - a. 3 Members
 - b. 5 Members
 - c. 7 Members
 - d. 9 Members
 - e. None of the above

6. The original fee and annual renewal fee for each real estate broker's license is:
 - a. \$25
 - b. \$50
 - c. \$75
 - d. \$100
 - e. None of the above
7. The original fee and annual renewal fee for each real estate salesman's license is:
 - a. \$25
 - b. \$50
 - c. \$75
 - d. \$100
 - e. None of the above
8. Money paid for the broker and salespersons licenses are deposited into the Treasury of the State to the credit of a fund known as:
 - a. The real estate license fund
 - b. The real estate commission operating fund
 - c. The general revenue fund
 - d. The West Virginia Housing Development Fund
 - e. None of the above
9. When a complaint is initiated against a licensee, either by the Commission or some other complaintant, the licensee is entitled to receive a copy of the charges or complaint filed, and a certain number of days advanced notice of the hearing. The number of days notice required is:
 - a. 10
 - b. 15
 - c. 20
 - d. 30
 - e. None of the above
10. The licensee has a right to appeal from any adverse ruling of the commission. The appeal is made to:
 - a. The Governor
 - b. The State Association of Realtors office
 - c. The Circuit Court in the County where the hearing was held
 - d. The West Virginia Supreme Court of Appeals
 - e. None of the above

11. Any individual violating a provision of the licensing law for the first time may:
 - a. Be fined not less than \$100 nor more than \$500
 - b. Be fined not less than \$500 nor more than \$1000
 - c. Be fined not less than \$2000 nor more than \$5000
 - d. Not be fined
 - e. None of the above
12. Brokers are by law commanded to place all funds entrusted to them in a neutral escrow depository or in the hands of principals, or in a trust fund account within the following time frame:
 - a. Immediately upon receipt
 - b. By the close of the next business day
 - c. Within 24 hours of receipt
 - d. Within 7 days
 - e. None of the above
13. Under the present licensing law, a person may be found to be a broker, and subject to this law, if that person makes as few as:
 - a. One sale of land
 - b. Two sales of land
 - c. Three sales of land
 - d. Four sales of land
 - e. None of the above
14. Real Estate Commission members serve for a term of:
 - a. 2 years
 - b. 4 years
 - c. 6 years
 - d. 8 years
 - e. None of the above
15. Real Estate Commission members receive, as compensation, for each day spent on Commission business:
 - a. \$10 per day and actual and necessary expenses
 - b. \$20 per day and actual and necessary expenses
 - c. \$30 per day and actual and necessary expenses
 - d. \$40 per day and actual and necessary expenses
 - e. \$50 per day and actual and necessary expenses

TRUE/FALSE

16. Anyone who "auctions" real estate for a fee, commission, or other valuable consideration, is a real estate broker within the meaning of the licensing law.
17. One member of the Real Estate Commission is appointed to the Commission as a representative of the general public, and the other members are to be individuals with at least five (5) years experience as a real estate broker or salesman.
18. The Commission members elect the chairman of the Real Estate Commission.
19. There is no requirement in West Virginia Law or Regulations that candidates for the sales license or brokers license examination have any formal education.
20. Any person wishing to apply for a brokers license under the provisions of the West Virginia Licensing Law, must submit evidence that he or she has served a bona fide apprenticeship as a licensed real estate salesman for two years or shall produce to the real estate commission satisfactory evidence of real estate experience.
21. Applications for broker's licenses must be accompanied by a recommendation of at least two citizens who are property owners at the time of signing the application.
22. The two (2) references referred to in statement #31 must have known the applicant for two (2) years.
23. A nonresident of West Virginia cannot become a licensed broker in this state.
24. Each and every branch office owned or operated by a duly licensed broker shall be supervised and operated by a licensed broker or licensed salesman.
25. The change of employment by any licensed real estate salesman, without notice to the Commission, shall automatically cancel his or her license.
26. The West Virginia Real Estate Commission has the power to employ an executive secretary.
27. Only licensed brokers can sue the seller for the recovery of a commission, a licensed salesman can only sue the broker.
28. The revocation of a brokers license automatically suspends every licensed salesperson employed by that broker from engaging in the sale, etc., of real estate until a new employer (broker) is found by the salesperson.

The following acts are grounds for the revocation or suspension of a real estate broker or salesperson's license: (true or false)

29. Making any substantial misrepresentation.
30. Making any false promises.
31. Using the term "realtor" by one not a member of the National Association of Realtors.
32. Acting for more than one party in a transaction without the knowledge of all parties for whom he acts.
33. Commingling of moneys belonging to others with his own funds.
34. Conviction in a court of competent jurisdiction of forgery.
35. Displaying a "for sale" or "for rent" sign on any property without the owner's consent.
36. Failing to furnish copies (voluntarily) of all listing and agreements of sale contracts to all parties executing the same.
37. Getting or giving any rebate from any person other than his principal.
38. Any act which demonstrates incompetency.
39. The unlawful or unauthorized practice of law.
40. Soliciting legal business for any attorney-at-law.

Attachment F
Answers to Quiz
Unit II

- | | |
|-----------|-----------|
| 1. c. | 21. True |
| 2. c. | 22. True |
| 3. a. | 23. False |
| 4. e. | 24. True |
| 5. a. | 25. True |
| 6. b. | 26. True |
| 7. a. | 27. True |
| 8. b. | 28. True |
| 9. b. | 29. True |
| 10. c. | 30. True |
| 11. a. | 31. True |
| 12. a. | 32. True |
| 13. a. | 33. True |
| 14. c. | 34. True |
| 15. b. | 35. True |
| 16. True | 36. True |
| 17. False | 37. True |
| 18. False | 38. True |
| 19. False | 39. True |
| 20. True | 40. True |

UNIT III: LEGAL CONSIDERATIONS (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Explain the procedures in developing the chain of title and state the reason for developing the chain of title;
2. Distinguish between the different types of deeds;
3. Define the various types of liens that may be recorded against the property;
4. State the purpose of the Deed of Trust (Mortgage);
5. Discuss the Purpose of the title opinion; and
6. Recognize the various "Housing Legislation" laws and their impact in real estate sales activities.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapters 5 and 8.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapters 5, 6 and 10.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 5, 6, 9 and 11.

CONTENT OUTLINE

I. The Title Search

A. The Chain of Title

1. Deeds

TEACHING SUGGESTIONS AND REFERENCES

Using the "Chain of Title" form, explain the notations on the form and the importance of each item. Herein cover the various forms of Deeds (Warranty and Quitclaim). See Attachment A.

Explain the use of "Chain of Title" form in developing the chain of title.

2. Liens Using the "checklist" form, explain how the "chain of title" form provides part of the information for the checklist. Develop the checklist items using the checklist form as the outline to discuss the various liens and deeds of trust. See Attachment B.
 3. Deed of Trust
- B. The Title Opinion Using the illustrative "title opinion letter," discuss what the opinion covers (note - only those matters of record).

II. Housing Legislation

- A. Racial Integration The instructor may wish to contact the West Virginia Human Commission for additional material or guest speakers for topics II. A. and II. B.
 1. "Blockbusting"
- B. Fair Housing Laws
- C. Real Estate Settlement Procedures Act
 1. Within three (3) business days after a person applies for a mortgage loan, the lender must send a booklet, prepared by the U.S. Department of HUD, that outlines the applicant's rights and explains settlement procedures and costs. The instructor may secure a this booklet, "Settlement Costs and You" from any mortgage lending institution.
 2. The lender must give an estimate of most of the settlement costs within that three-day period.

3. The lender must clearly identify individuals or firms that the applicant is required to use for legal or other services, including title insurance and title search.
4. If the loan is approved, the lender must provide a Truth-in-Lending statement that shows the annual percentage rate on the mortgage loan.
5. Lenders, title insurers and others involved in the real estate transaction cannot pay kickbacks for business referred to them.

D. Truth in Lending Act

1. This Act provides that consumers are entitled, upon request, to be informed of the nature and scope of a credit investigation, the kind of information that is being compiled, and the names of persons who will be receiving the report.

E. Equal Opportunity in Lending

F. The Interstate Sales Full Disclosure Act

1. This Act is administered by the Department of Housing and Urban Development, and its focus is to furnish facts and information to potential buyers so they can make intelligent decisions about whether or not to purchase land.

III. Application Commitment

The instructor may wish to make arrangements with the County Courthouse Record Room Clerk to allow for the class to visit collectively or individually the Record Room so that the instructor or one of the Courthouse personnel can explain to the class how the deeds, liens, and deeds of trust are recorded and catalogued in the Courthouse. In the alternative, the students may be asked to make arrangements individually so that they may go to the Record Room and become familiar with the recording and cataloging process.

IV. Supplemental Materials

Attachment A	"Chain of Title" Form
Attachment B	"Checklist" Form
Attachment C	Title Opinion Letter
Attachment D	General Warranty Deed
Attachment E	Quitclaim Deed
Attachment F	Deed of Trust
Attachment G	Promissory Note
Attachment H	Notice of Lis Pendens
Attachment I	Notice of Mechanic's Lien
Attachment J	Quiz
Attachment K	Answers to Quiz

Attachment A
CHAIN OF TITLE

PARTIES	Item _____	Instrument _____
_____		Deed Book _____ Page _____
_____		Date ____/____/____
_____		Consideration: \$ _____

_____		Vendor's Released _____
_____		Lien _____ R.R. _____
_____		_____ Examined _____
_____		Other Liens Assumed: _____
Granting Clause _____		Warranty _____
Acreage _____		Title Reference _____
Estate Conveyed _____		Restrictive Covenants _____
Execution _____		Acknowledgment _____
Date Recorded ____/____/____		
DESCRIPTION: _____	CITY _____	DISTRICT _____ COUNTY _____

Attachment C
Title Opinion Letter

August 30, 1978

First Bank
Main Street
Parkersburg, WV 26000

Re: Title examination
Lot Not 32 of Pahlhurst Plaza Addition,
Section B, Lubeck District

Gentlemen:

I have examined the records in the Office of the Clerk of the County Commission of Wood County, West Virginia, with reference to the title to the above-captioned real estate. From said examination and insofar as said records are properly indexed, and subject to such defects or irregularities as might be disclosed by an inspection or survey of said premises, I do hereby certify that good and marketable fee simple title in and to the real estate hereinafter described located in the District of Lubeck, County of Wood and State of West Virginia, is vested in Joseph M. Sellers and Dolores A. Sellers, husband and wife.

BEING all of Lot No. 32 of Pahlhurst Plaza Addition, Section "B", as shown on a plat of said Addition, of record in the Office of the Clerk of the County Commission of Wood County, West Virginia, in Plat Book 15, at Page 46.

BEING the same real estate conveyed unto Joseph M. Sellers and Dolores A. Sellers, husband and wife, by Garner R. Vendor and Marilyn J. Vendor, husband and wife, by deed bearing date the 20th day of April, 1977, and of record in the aforesaid Clerk's Office in Deed Book No. 686, at Page 194.

The above-described real estate is free and clear of all liens, defects and encumbrances, except as follows:

(1) One-half of the oil, gas and minerals underlying in the above-described tract have been reserved by predecessors in title.

(2) There are numerous rights of way for public utilities over, through and across the subject real estate, which, in the opinion of the undersigned, do not adversely affect the title thereto.

(3) The above-described real estate is subject to any valid oil and gas leases of record.

(4) Said real estate is subject to those certain restrictive covenants pertaining to Pahlhurst Plaza Addition of record in Plat Book 15, at Page 46.

(5) That certain deed of trust bearing date the 29th day of April, 1977, executed by Joseph M. Sellers and Dolores A. Sellers, husband and wife, to Thomas W. Banker and Robert W. Attorney, Trustees, to secure Traders Federal Savings & Loan Association of Parkersburg in the payment of a note in the principal sum of \$37,900.00, which deed of trust is of record in the aforesaid Clerk's Office in General Lien Book No. 161, at Page 625, and is unreleased of record.

(6) That said property is assessed on the land books of Lubeck District in the name of Sellers, Joseph M. and Dolores A., as 32 Pahlhurst Plaza Adn., Sec. B, with a valuation of \$1,000.00 for the land, \$16,250.00 for the buildings, making a total assessment of \$17,250.00, and the taxes thereon amount to \$120.32 per half.

All taxes up to and including the first half of 1978 have been paid. Taxes for the second half of 1978 in the amount of \$120.32 have not been paid and are not yet due.

Very truly yours,

R. J. Lawyer

Attachment D

THIS DEED, Made this the _____ day of _____, 1979,
by and between RAYMOND A. OWNER AND ORA A. OWNER, his wife, as
parties of the first part, and JACK GILBERT BUYER and SOPHIA MAE
BUYER, husband and wife, as parties of the second part.

W I T N E S S E T H :

That for and in consideration of the sum of FIVE (\$5.00)
DOLLARS, cash in hand paid, and other good and valuable considera-
tions, the receipt of all of which is hereby acknowledged, the said
parties of the first part do hereby grant and convey, with covenants
of GENERAL WARRANTY and against encumbrances, unto the said parties
of the second part, as joint tenants and not as tenants in common,
their assigns of said survivor, forever, all that certain lot,
tract or parcel of land situate, lying and being in the District of
Slate, County of Wood and State of West Virginia, more particularly
bounded and described as follows:

BEING all of Lot No. 29 of Mt. Pleasant Estates, as shown
on a plat is of record in the Office of the Clerk of the
County Commission of Wood County, West Virginia, in Plat
Book 16, at pages 6 and 7, to which plat reference is
hereby made for a more particular description of said lot.

BEING the same real estate conveyed unto Raymond A. Owner
by Richard C. Preown and Joanne Preown, husband and wife,
by deed bearing date the 10th day of April, 1979, and of
record in the aforesaid Clerk's Office in Deed Book 721,
at Page 10.

This conveyance is made subject to all restrictions and
restrictive covenants recorded with the plat said subdivi-
sion, and contained in prior deeds of record; and also to
all utility rights of way and easements of record.

This conveyance is further subject to the terms and conditions of that certain "Declaration of Covenants and Restrictions", dated the 26th day of February, 1974, made by the Investment Development Corporation, of record in the aforesaid Clerk's Office in Deed Book 630, at Page 432.

This conveyance is further subject to all reservations of minerals of record, oil and gas leases and to those certain nondevelopment agreements of record in said Clerk's Office in Deed Book 630, at Page 233, and in Deed Book 630, at Page 454, respectively.

DECLARATION OF CONSIDERATION OR VALUE

The undersigned hereby declare that the total consideration paid for the property conveyed by the document to which this declaration is appended is \$_____.

WITNESS the following signatures and seals.

_____(SEAL)
RAYMOND A. OWNER

_____(SEAL)
ORA A. OWNER

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

The foregoing writing, bearing date the _____ day of _____, 1979, was acknowledged before the undersigned authority by RAYMOND A. OWNER and ORA A. OWNER, his wife, on the _____ day of _____, 1979.

My commission expires: _____

NOTARY PUBLIC

This instrument was prepared under the direction of:
ROBERT J. LAWYER, Attorney at Law, Parkersburg, W. Va.

Attachment E

THIS DEED, Made this the 8th day of February, 1980, by and between BEVERLY A. EXXXX, Divorced, as party of the first part, and CARL P. EXXXX, Divorced, as party of the second part.

W I T N E S S E T H :

That for and in consideration of the sum of FIVE (\$5.00) DOLLARS, cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of all of which is hereby acknowledged, the said party of the first part does hereby grant, convey and quitclaim unto the party of the second part, all of her right, title and interest, subject to all liens and encumbrances outstanding, in and to all that certain lot, tract or parcel of land situate, lying and being in the City of Vienna, District of Parkersburg, County of Wood, and State of West Virginia, more particularly bounded and described as follows:

BEGINNING at the northeasterly corner of 13th Avenue and 19th Street in the City of Vienna; and thence with the easterly side of 13th Avenue N. $26^{\circ} 36'$ E. 55.55 feet to a point; thence S. $63^{\circ} 24'$ E. 100 feet to a point; thence S. $26^{\circ} 36'$ W. 55.55 feet to a point on the northerly side of 19th Street; thence N. $63^{\circ} 24'$ W. with said 19th Street 100 feet to the beginning, said lot heretofore conveyed is shown on a plat attached to a deed from Robert L. Builder Construction and Co., to John W. Firstowner, et ux, recorded in the Office of the Clerk of the County Commission of Wood County, West Virginia, in Deed Book 646, page 13, said lot being designated as Lot 1900 on the said plat.

BEING the same real estate conveyed unto Carl P. Exxxx and Beverly S. Exxxx, husband and wife, by Robert L. Builder Construction and Co., by deed bearing date the 21st day of May, 1975, and of record in the aforesaid Clerk's Office in Deed Book 653, at Page 41.

DECLARATION OF CONSIDERATION OR VALUE

The undersigned hereby declares that the total consideration paid for the property conveyed by the document to which this declaration is appended is \$_____.

WITNESS the following signature.

BEVERLY A. EXXXX

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

The foregoing writing, bearing date the 8th day of February, 1980, was acknowledged before the undersigned authority by BEVERLY A. EXXXX, Divorced, on the _____ day of _____, 1980.

My commission expires: _____

NOTARY PUBLIC

This instrument was prepared under the direction of:
ROBERT J. LAWYER, Attorney at Law, Parkersburg, W. Va.

Attachment F

DEED OF TRUST

THIS DEED OF TRUST: Made this _____ day of _____, 19____, by and between _____

part _____ of the first part, and _____,

Trustees, parties of the second part, whose residences are _____

WITNESSETH: That the said _____, in consideration of the matters hereinafter set forth and One (\$1.00) Dollar cash in hand paid, the receipt of which is hereby acknowledged, do grant, bargain, sell and convey unto the said parties of the second part. Trustees as aforesaid, and to their edged, do grant, bargain, sell and convey unto the said parties of the second part. Trustees, as aforesaid, and to their successors in trust, the following

described real estate situate _____

_____ Wood County, West Virginia, more particularly bounded and described as follows:

TO HAVE AND TO HOLD the above described property, together with all appurtenances, hereditaments and buildings now or hereafter placed thereon, and all fixtures now or hereafter attached thereto, unto the said Trustees and their successors in the trust forever; and the said first parties do hereby covenant with the said Trustees that said Trustees and their successors shall have quiet possession of said property, free from all liens and encumbrances; that the said first parties will execute such further assurances of title as may be proper; and that said first parties will warrant generally the title to said property.

IN TRUST, NEVERTHELESS, to secure the payment of the following:

_____ (\$_____) Dollars borrowed money, with interest thereon at the rate of _____ (%) per cent per annum from date, evidenced by a negotiable, promissory, installment note, bearing even date herewith, executed by _____

_____, payable to the order of The Parkersburg National Bank, a national banking association, which is the beneficial owner of said indebtedness hereby secured, at its place of business in the City of Parkersburg, Wood County, West Virginia, as follows:

_____ (_____) equal monthly installments of _____ (\$_____) Dollars each and a final installment of _____ (\$_____)

Dollars, the first of said installments to be due and payable on the _____ day of _____, 19____, and the succeeding installments on the like day of each month thereafter

until _____ (_____) monthly installments have been made as herein provided. And also to secure any renewals, part renewals or extensions thereof.

Any payment or payments hereby secured may be anticipated in whole or in part on any date for payments fixed above.

The said parties of the first part hereby jointly and severally covenant and agree that they will, during the continuance of this trust:

(1) Pay the principal and interest hereby secured as the same become due.

(2) Not suffer any liens superior to the lien hereby created to be enforced against the said property, nor commit or suffer waste thereon.

(3) Pay, when and as the same shall become due and payable, all taxes and assessments of every kind that may be levied and/or assessed upon said property, and exhibit, annually on or before the first day of December to said beneficiary, receipts from the proper officers showing the payment of all such taxes and assessments, and exhibit to the said beneficiary the evidence of the discharge of all other liens superior to this lien when and as the same shall become due.

(4) Keep the buildings now on, and hereafter placed on, said land in good repair and insured against fire and windstorm for the benefit of the said beneficiary, in amounts and by companies satisfactory at all times to said beneficiary, and deposit all policies with said beneficiary, and deposit all renewal policies at least seven (7) days before the expiration of old policies.

And the said parties of the first part further jointly and severally covenant as follows:

(5) That the said beneficiary may pay any and all taxes and assessments and redeem the property from tax or assessment sale, remove all statutory liens therefrom, make said repairs and procure said insurance on failure of the said parties of the first part so to do, and all moneys applied for such purposes, with interest at six (6%) per cent per annum, shall become a part of the debt secured hereby, and shall be repaid by the said parties of the first part immediately on demand on said parties of the first part or the party or parties then in possession of said property.

(6) That in the event of the passage after the date hereof of any Federal or State law deducting from the value of land or property, for the purpose of taxation, any lien thereon, or changing in any way the law now in force for the taxation of mortgages, or deeds of trust, or debts secured by mortgages or deeds of trust, for Federal, State or local purposes, or the manner of collection on any such debt so as to affect this trust deed of said note, the whole of the principal and interest secured hereby shall, at the option of the said beneficiary, without demand or notice, forthwith become due and may be controlled as hereinafter provided.

(7) That if the said beneficiary deem it necessary to go into court, either in its own name or that of any other person, and either as plaintiff or defendant or by intervention, in any proceeding affecting said note, the indebtedness represented thereby, the property conveyed or this trust deed, it may do so, and the said beneficiary and the Trustees shall be allowed, and the said parties of the first part shall, on demand, pay all costs and expenses, including reasonable attorney fees, incurred by said beneficiary and the Trustees; and such sums shall be a part of the debt represented by said note hereby secured, and shall, when proper, be included in any judgment or decree rendered in such proceeding.

(8) That they will not, without the written consent of the beneficiary first had and obtained, sell, convey or transfer the property hereby conveyed while there is any sum unpaid under this deed of trust.

(9) That upon default in the payment of any of the monthly installments on said note as the same become due and payable, or upon breach or default in the performance of any covenant, condition or undertaking, expressed in or implied by this deed of trust and

by the said parties of the first part to be kept and performed, then, and in any such case, the whole indebtedness hereby secured shall, at the option of the said beneficiary and without notice, become immediately due and, together with all payments made and expenses incurred by the Trustees and the said beneficiary, may be collected at once by foreclosure, through court proceedings or otherwise, and the said beneficiary may without notice, enter upon the property hereby granted, or any part thereof, and collect all rents and income therefrom and apply the same, after the payment of collection expenses, to the debt hereby secured; and in addition, the said Trustees, either of whom may act hereunder, when requested to do so by the said beneficiary, shall at once proceed to sell at public auction to the highest bidder for cash, at the front door of the court house of said Wood County, all the property hereby conveyed, after first advertising said sale as required by law. Said parties of the first part waive personal notice of such sale and all adjournments thereof, and agree that adjournment or adjournments may be made by mere oral proclamation at the time and place of sale. The proceeds of said sale shall be applied: (a) to the costs and expenses of executing this trust, including a commission to the Trustee or Trustees making said sale as allowed by law, and all costs incurred by the Trustees under this deed of trust; (b) To the unpaid balance of the indebtedness hereby secured, which shall include all payments and expenses incurred, as aforesaid, by the said beneficiary; and (c) The remainder, if any, to the persons legally entitled thereto.

(10) That all of the obligations of said parties of the first part and all privileges of the Trustees and the said beneficiary shall be cumulative, and the failure of the Trustees or the beneficiary to exercise any option shall not act as a waiver of the right to exercise other privileges or options, or bar the right to do so, or act as a waiver thereof in favor of any junior lien or subsequent grantee; and the granting of any extension of time (either by accepting renewal notes or changing or extending the terms of payment) shall not act as a waiver of any other privilege or option or as a waiver in favor of any junior lien or subsequent grantee.

(11) That all covenants, promises, undertakings, obligations and benefits, herein provided shall bind and benefit, as the case may be, the respective heirs, devisees, personal representatives, successors and assigns of the parties of the first part, the trustees and the beneficiary.

(12) The Trustees, or either of them, may act by agent or attorney in the execution of this trust, and any sale hereunder may be made subject to any prior lien on the real estate hereby conveyed.

Where the singular or plural number is used herein, the same shall be construed to apply to the party or parties whether singular

or plural, and any word used herein indicating gender shall be construed to include all persons, firms or corporations parties hereto, of whatever gender.

Witness the following signatures and seals:

_____(SEAL)

_____(SEAL)

_____(SEAL)

_____(SEAL)

STATE OF WEST VIRGINIA,

COUNTY OF _____, to-wit:

I, _____, a Notary
Public of said County, do certify that _____

whose name _____ signed to the writing above bearing
date on the _____ day of _____ 19____,
h_____ this day acknowledged the same before me in said County.

Given under my hand this _____ day of _____ 19____.

Notary Public

My Commission Expires:

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STATE OF WEST VIRGINIA

COUNTY OF _____, to-wit:

I, _____, a Notary Public of said
County, do certify that _____ who
signed the writing above, bearing date the _____ day of

_____ 19_____, for _____, a
corporation, has this day in my said county, before me, acknowledged
the said writing to be the act and deed of said corporation.

Given under my hand this _____ day of _____
19_____.

Notary Public

My Commission Expires:

Attachment G
PROMISSORY NOTE

\$_____ Parkersburg, West Virginia, _____, 19_____
For Value Received, _____, jointly and severally, promise to
pay to the order of _____
_____, of _____, the sum of
_____ (\$_____) Dollars, with interest
thereon at the rate of _____ per cent per annum, payable in monthly
installments of not less than _____
(\$_____) Dollars each, promptly and without notice or demand
therefore, at _____,
in _____,
in advance, on the first day of each month after date.

It is agreed that the payments due upon this note may be
anticipated by the persons liable for the payment of the same at
any time, and the extra payments may be made hereon at any time.

Any payments made upon this obligation shall be applied first
to the payment of all indebtedness due unto _____
_____, for taxes, assessments, insurance premiums and any
other charges paid by him (them) for said maker(s) or in his (their)
behalf; second, to the payment of accrued interest upon this note
and third, the residue of such payments shall be applied to the
payment of the principal of the debt hereby evidenced.

It is agreed that time is of the essence of this contract, and in the event of default in the payment of any regular monthly installment due hereunder, or any part thereof, for a period of ninety (90) days, the holder(s) of this note may, at his (their) option, declare all of the remainder of said indebtedness to be due and collectible and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

Attachment H

IN THE CIRCUIT COURT OF WOOD COUNTY, WEST VIRGINIA
SOMEONE & COMPANY,

Plaintiff,

vs.

/ / /

CIVIL ACTION

GEORGE DEBTOR, individually,
and THELMA IRENE DEBTOR,
as Administratrix of the
Estate of Freda Irene Departed,
deceased,

NO. 79-C-1386

Defendants.

NOTICE OF LIS PENDENS

The general object of the above entitled civil action now pending in the Circuit Court of Wood County, West Virginia, is to obtain a judgment by said Court to compensate Someone & Company for services performed on behalf of the deceased, Freda Irene Departed, to-wit: The services requested by the Defendant, George Debtor, Jr., in that certain contract executed on or about May 22, 1979, between George Debtor, Jr., and Someone & Company Funeral Home of Mineralwells, West Virginia. The suit alleges that the funeral expenses were never paid either by the estate or by the obligor under the contract, George Debtor, Jr. The Plaintiff demands reimbursement for services performed and notes that the only assets of value appears to be the real estate, a house and lot at 660 East Eighth Street, Parkersburg, Wood County, West Virginia, more particularly described as follows:

BEGINNING on the south side of East Eighth St. at corner of Mrs. Allen's lot, 200 ft., more or less, from Swann St.; Thence with East Eighth St. in an easterly direction, 36 ft.; thence at right angles in a southerly direction 60 ft. to a point, 52 ft. easterly from line of Mrs. Allen's lot; thence at right angles in a westerly direction, 52 ft. to the corner of Mrs. Allen's lot; thence at right angles with line of Mrs. Allen's lot 60 ft. to the place of beginning.

The nature of the right or interest sought to be enforced against the said property is the right of the Plaintiff as creditor fo the estate, to have the aforementioned property attached, levied against, or converted to cash to satisfy this debt of the estate.

Dated this 21st day of November, 1979.

SOMEONE & COMPANY

By Counsel

Robert J. Lawyer
Counsel for Plaintiff
402 Juliana Street
Parkersburg, West Virginia 26101

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

The foregoing instrument bearing date the 21st day of November, 1979, was acknowledged before the undersigned authority by ROBERT J. LAWYER, counsel for Someone & Company, on the 21st day of November, 1979.

My commission expires: July 21, 1987.

Notary Public

This instrument was prepared by Robert J. Lawyer, Attorney at Law, Parkersburg, WV.

Attachment I

NOTICE OF MECHANIC'S LIEN

TO: GOODVIEW ESTATES, INC., a West Virginia corporation
824 Goodview Drive
Parkersburg, West Virginia

Notice is hereby given in accordance with the laws of the State of West Virginia, that the undersigned, MATERIAL SUPPLY COMPANY, a corporation organized and doing business under the laws of the State of West Virginia, claims a lien to secure the payment of the sum of SEVEN THOUSAND ONE HUNDRED NINE AND 73/100 (\$7,109.73) DOLLARS, upon your interest in and to all those certain parcels of land situate in the City of Parkersburg, County of Wood, and State of West Virginia, and more particularly described as follows:

Being Lots Nos. 184 and 185, in Block 3, of Shattuck Heights Addition to the City of Parkersburg, as shown on a plat of said Addition of record in the Office of the Clerk of the County Court of Wood County, West Virginia, in Plat Book 3, at page 13, to which said plat reference is hereby made and had; excepting and reserving therefrom, however, the portion of said lots heretofore conveyed by E. R. Soldit as follows:

(1) The portion of said Lot No. 185 conveyed to Raymond Whoever and Loyal Mexx by deed dated September 21, 1951, and recorded in the aforesaid Clerk's Office in Deed Book No. 348, at page 127.

(2) The portion of said Lot No. 184 heretofore conveyed to Robert Oldowner and Leona Josephine Oldowner by deed dated May 15, 1956, and of record in the aforesaid Clerk's Office in Deed Book No. 399, at page 173.

Being the same real estate conveyed unto Goodview Estates, Inc., a corporation, by Green Hills Development Company, an Ohio corporation, by deed dated April 13, 1966, and of record in the aforesaid Clerk's Office in Deed Book 516, at page 90.

and upon the following buildings, structures and improvements thereon: the four apartment buildings of brick, frame and masonry construction, together with all other structures, accessories and facilities placed on the above described land.

Said lien is granted by reason of the undersigned having delivered unto you, under written agreement, for use in construction of the improvements hereinbefore mentioned, made by you on said land, certain ready-mix concrete and building materials which were of the nature, and were furnished on the dates in the quantities, and at the prices shown on the itemized statements of account attached hereto and made a part hereof, the last delivery of which was made to your land and premises, located as aforesaid, on the 14th day of July, 1967, pursuant to your order.

IN WITNESS WHEREOF, MATERIAL SUPPLY COMPANY, a corporation, has caused its corporate name to be signed hereto and its corporate seal to be affixed hereto by its duly authorized officer, on this the _____ day of September, 1967.

MATERIAL SUPPLY COMPANY

By _____

Its _____

STATE OF WEST VIRGINIA

COUNTY OF WOOD, TO-WIT:

_____, being first duly sworn
upon his oath says that he is the _____
of MATERIAL SUPPLY COMPANY, a corporation, and as such officer is
familiar with the facts set forth in the foregoing Notice of Mechanic's
Lien, and that the statements contained in the foregoing Notice of
Lien are true, as he verily believes.

Taken, subscribed and sworn to before me, this the _____
day of September, 1967.

Notary Public in and for Wood County,
West Virginia

My commission expires: _____

Attachment J

QUIZ

Unit III

TRUE/FALSE

1. A deed is an instrument in writing conveying an interest in real property.
2. The description of the real estate contained in the deed should be a formal, legal one.
3. In the deed, the names of the parties, the consideration, the operative words of conveyance, the property description, and the appurtenance provisions are called the "Premises."
4. Customarily, the deed is executed or signed only by the grantee or grantees.
5. The recording of the deed with the proper official (the Clerk of the County Court) in the County in which the property is located, gives notice to the world of the conveyance.
6. In a warranty deed, the grantor warrants that he or she has neither good title nor any title at all.
7. A warranty deed is a deed in which the owner of the property warrants that good and merchantable title to the property being conveyed.
8. The mechanics lien, created solely by statute, gives the right of lien to those persons who have furnished work or materials for the improvement of real property.
9. The lis pendens is a notice of a pending court suit or court action.
10. In the deed of trust, there are two parties to the transaction.
11. A deed of trust is in the nature of a mortgage.
12. Normally, the deed of trust is used in connection with a promissory note.
13. The "chain of title" can be defined as a part of an abstract of title which shows the ownership of the property over a period of time, depending on the length of the search.
14. The title opinion prepared and presented by the attorney states who the fee owner is and names anyone else that the attorney feels has a legitimate right or interest in the property; and it contains notes of any title defects, liens, or encumbrances.

Attachment K
Answers to Quiz
Unit III

1. True
2. True
3. True
4. False, Grantor or Grantors
5. True
6. False, the quitclaim deed
7. True
8. True
9. True
10. False, 3 parties
11. True
12. True
13. True
14. True

UNIT IV: RESIDENTIAL CONSTRUCTION AND DESIGN CONSIDERATIONS

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Recognize and analyze preliminary considerations incident to residential construction;
2. Understand generally the impact and significance of zoning on residential construction;
3. Be aware of the components of the feasibility study and how to find and analyze data relative to these components;
4. Describe the preliminary steps and processes in construction of the residence; and
5. Name and describe the basic types of construction.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapter 18.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapter 23.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 26, 27 and 28.

CONTENT OUTLINE

- I. Preliminary Considerations and the Feasibility Study
 - A. Zoning
 - B. Financing
 - C. Engineering
 - D. Water Surface
 - E. Sewerage Systems
 1. Percolation tests

TEACHING SUGGESTIONS AND REFERENCES

Here you need to comment to the students generally about the importance of zoning or the lack of zoning; the availability of public sewers, water and other utilities; roadway costs; and geological conditions. In addition, a marketing study to include the types of homes available or saleable in the area, the price range for these homes; and, population trends, employment opportunities, etc.

II. Construction and Design Consideration

A. Excavation

1. Staking Out

You may elect more or less detail relative to this segment of the program of instruction, depending upon your background and the class.

2. Footings

At the minimum, you should relate the sequence in the planning and construction of the residential building.

3. Foundation Walls

a. Basement water problems

B. Basic Types of Construction

1. In General

Comment briefly on the basic types of construction, viz., full masonry, post and beam; balloon frame; and other (precast concrete, plastic, etc.)

III. Application Commitment

A. The Feasibility Study

Assign or ask the students to volunteer to research in depth one of the factors in the feasibility study. That is, the student can report on either zoning, financing, engineering, water sources, or sewage systems as they may be analyzed coincident with the residential construction plan. Students can be called upon to submit their report in writing or make a presentation during the next class. You may wish to point the students towards a common property asking that they develop various facets of the feasibility study as it relates to the candidate property; or, you may wish to assign the students to research the factors in the feasibility study

individually and generally without reference to a specific property to be developed.

B. Resources

If you are offering this program in or near cities which have zoning ordinances secure copies of the ordinance to be used as the basis for your commentary during this lesson. If you do not teach in an area where zoning is in effect, check to determine whether county planning commissions, etc., have "land use plans" in effect or in the process of development. Even in areas where no zoning or land use planning is being done, it is appropriate and important that the students be oriented, generally, to the zoning theory. Check with municipal water departments to determine what rules and regulations apply for adding new customers to the water system in the form of new residences. The county health department can provide the instructors and the students with information on sewage requirements and sewage systems in other than municipal areas.

IV. Supplemental Materials

Attachment A

Quiz

Attachment B

Answers to Quiz

Attachment A

QUIZ

Unit IV

TRUE/FALSE

1. Zoning laws are restrictions imposed by municipalities upon the use of property.
2. Every prospective subdivider or developer or home builder would do well to obtain a copy of the local zoning regulations well before the determination to build is made.
3. The location of utilities is not important in the design of the subdivision or the location of the single residence.
4. One strategy to protect the developer or builder during the preliminary phases of construction (that is, during the time of the feasibility study) would be to take an option on the property that is being investigated.
5. Building codes are local and state laws that set minimum construction standards.
6. A "nonconforming use" is a property improvement that is inconsistent with current zoning regulations.
7. Restrictive covenants are clauses placed in deeds to control how future land owners may or may not use the property.
8. A "variance" is a permit granted to an individual property owner to vary slightly from strict compliance with zoning requirements.
9. The very first step in residential construction of any size or scope is the selection of the building site or lot.
10. While requirements for construction vary from state to state and city to city, there is one set of practices applicable nationwide; and, these are known as the "Minimum Property Standards (MPS)" for one and two family dwellings published by the Department of Housing and Urban Development.
11. Before any construction begins, a survey should be made.
12. Before any construction begins, soil conditions should be determined by spot testing, particularly if a septic tank is going to be required.
13. Sandy soils are better for construction purposes than are clay-type soils.

Attachment B
Answers to Quiz
Unit IV

1. True
2. True
3. False
4. True
5. True
6. True
7. True
8. True
9. True
10. True
11. True
12. True
13. True

UNIT VI: RESIDENTIAL APPRAISING

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. State the need for and the purposes of the appraisal;
2. Explain the necessity for and sources of general data used in the appraisal;
3. Explain the importance and the utilization of site data in the appraisal process; and
4. Understand "the cost approach" as a method of reaching an appraisal value.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapter 19.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapters 16 and 17.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 24 and 25.

Shenkel, William M., Modern Real Estate Appraisal. New York: McGraw-Hill Book Company, 1978.

CONTENT OUTLINE

- I. The Need for and Purposes of the Appraisal - Some Basic Considerations
 - A. Determination of Value
 - B. Basic Valuation Principles

TEACHING SUGGESTIONS AND REFERENCES

Appraisals normally serve to determine the value (i.e., market value, sale purchase price for transactions, financing, taxation, insurance, etc.) of the residential property.

The basic valuation principles include the recognition of the theory of change (nothing remains static); and an understanding, in general, of the relationship of supply and demand. The principles themselves are:

principle of balance - definition: value is created and maintained when there is equilibrium in the amount and location of essential uses in real estate. The appraiser must recognize the balance between what the neighborhood needs and what it can support. Principle of conformity - definition: to achieve its maximum value, land must be utilized in such a way as to conform to existing neighborhood standards. Criteria for residential conformity include size, age, condition, and style. Principle of substitution - definition: the maximum value tends to be set by the cost of acquiring a substitute property of equal utility in value, assuming no costly delay in making substitution. Principle of contribution - definition: the component parts of real estate assume value according to how much they contribute to market value. Real estate professionals are aware that cost does not necessarily equal value. The addition of a swimming pool that costs \$10,000 does not necessarily increase the market value of the residence by that amount.

C. The Data Program

There are two classifications of appraisal data: (1) General (region, city, neighborhood); and (2) Specific (about the property itself).

Comment generally or specifically about the impact of regional trends in population, employment opportunities, income levels, etc., and the impact of these trends on local property values. You may also wish to discuss with the students the source and availability of data reflecting these trends. Federal and State government agencies, universities

and colleges, Chamber of Commerce and trade association chapters, and private data gathering agencies (Dun & Bradstreet, etc.) may be cited as sources for this data.

City and neighborhood trends can come in part from the sources cited above and in addition, the local banks, retail merchants associations, board of realtor groups, etc.

Note that the data is not restricted to economic and financial information in developing the base for the appraisal report. The neighborhood analysis should also recognize physical boundaries and nonphysical boundaries, location, protection from adverse influences, freedom from hazards and nuisances, adequacy of transportation, adequacy of civil, social and commercial facilities, and adequacies of utilities and conveniences. And, the amenities are also to be considered (views, climate, location and surroundings). Social characteristics are also considered in the development of the data for the appraisal. The stability of the neighborhood, likelihood of a change, infiltration by lower economic groups, and social facilities proximity are contemplated under the general term social aspects. Government aspects are considered, also. Zoning ordinances, building codes, property tax assessments, and quality of government services would be considered in this respect.

Note: You should suggest to the students how to obtain and use the statistical data and related information in laying the foundation for the residential appraisal.

II. Land Valuation

General and specific site data should be developed to include title information. This covers restrictions and encumbrances, liens, property boundary descriptions, etc. In addition to the site data, an analysis to determine the highest and best use of the property must be undertaken. The relation of the site to the land pattern in general in the neighborhood, reference to sales of other properties in the neighborhood, and the study of zoning classification all contribute to the appraiser's developing a value for the land.

The methods of land valuation include the comparative method; the abstract method; and the anticipated minimum use method (development method).

III. The Cost Approach

The usual and customary appraisal report shows the value of the property computed in three distinct ways: the cost approach, the income approach, and the market data approach. These three approaches are discussed in turn.

A. Definition

The "cost approach" is based on the premise that a property is worth no more than it would cost to construct a property of equal desirability and utility.

A major limitation to the "cost approach" is that it requires a direct estimate of accrued depreciation of improvements. That estimate must be subjective because it is based on the observed physical deterioration and functional obsolescence.

The steps in the cost approach:

- (1) Estimate value of land as improved excluding structures.

- (2) Estimate reproduction cost new of structures.
- (3) Estimate accrued depreciation and deduct from the estimates of reproduction cost new.
- (4) Add estimated value of the site to the depreciated cost of the structures to yield an indicated value of the property.

B. Methods of Cost Estimation

The methods of cost estimation include quantity survey method, the unit in place method, and the comparative method (square foot method, cubic foot method). The quantity survey method involves estimation of the cost of construction by reducing the structure to its raw material components and estimating the cost of all components and estimating the cost of all components in detail. This is a most complex and difficult method, but it is most nearly accurate.

The unit in place method is less detailed and less expensive than the quantity survey method. This method requires an estimate of the cost of installation of a standard unit of the structure (i.e., square foot, linear foot).

The comparative methods include either the square foot method or the cubic foot method. This is the most commonly employed, least expensive, and easiest to apply. However, the comparative method (whichever one chosen) tends to be least accurate. The building costs are estimated by comparing the subject property with recently constructed buildings whose costs are known and which are similar to the subject property. The actual cost of the comparable structure are divided by the number of cubic feet or square feet to arrive at a standard per unit cost.

In addition to the three methods cited above, the architectural styles of the property and the interior design and layout are additional factors affecting the value that the appraiser must consider.

C. Measurements of a Residence - Comparative Methods

1. Square foot method
2. Cubic foot method

At this point in your class presentation consider introducing an actual example of the measurement of a residence using one of the comparative methods.

If you do not have a practical example in file, illustrations from one or another of the text references may be used.

D. Sources of Cost Information

When it is not possible to get cost estimates from recently constructed buildings of similar design in the same locality, appraisers may turn to other cost sources to estimate local construction costs. These other cost sources include: architects, contractors, building suppliers, commercial banks, engineering firms, real estate developers, mortgage bankers, savings and loan associations, and/or construction cost manuals.

E. Cost Manuals and Their Use

Construction cost manuals are available from a number of companies that publish current cost data for selected cities and for different types of buildings. Through a subscription service, the users of these manuals may obtain construction cost data with multipliers to use in developing cost figures for their locality. Some of the publications are listed as additional references at the end of this outline.

- | | | |
|----------------------------|---|---|
| F. | Depreciation | Note that depreciation has different meanings for different purposes. In the area of real estate, this is clearly illustrated. You should distinguish between depreciation as an accounting concept and depreciation as a factor in appraising. The distinction between depreciation, physical deterioration, functional obsolescence, and economic obsolescence should be emphasized for the students. |
| G. | Physical Deterioration | |
| H. | Functional Obsolescence | |
| I. | Economic Obsolescence | |
| J. | Summary and Illustration of Value Using Cost Approach | You may choose to use one of the illustrative problems at the end of this outline to show the cost approach to determining the appraisal value. |
| K. | Illustrative Problems and Solutions - Cost Approach | The other problems contained in the attachment hereto may be used as illustrative problems for the students to work on. |
| IV. Application Commitment | | <p>Secure or request that the students secure from local sources, data on newly developed subdivisions or housing projects and, using that data, have the students explain why real estate sales exceeded or failed to meet expectations. Student responses should address zoning or land use controls, locational advantages, and the local market for residential housing.</p> <p>In the alternative, you might wish to have the students review trends in downtown real estate values with respect to rents, retail sales, and land and building sales with the view toward determining if these trends are changing in the same direction as outlying commercial centers. Students should be asked to comment on the reasons for the trends detected.</p> |

You may also wish to suggest to the students that they secure residential lot sales prices within a given locality or subdivision and have the students convert the prices to the price per foot and comment on other factors in determining lot value.

V. Supplemental
Materials

Attachment A

Diagram of Appraisal Process

(Quiz for Unit VI is combined
with Unit VII.)

UNIT VII: RESIDENTIAL APPRAISING (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Recognize the procedures used to determine values using the income approach and the market data approach;
2. Outline the format of the narrative appraisal report; and
3. Understand appraising as a profession.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate and Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapter 19.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapters 16 and 17.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 24 and 25.

Shenkel, William M., Modern Real Estate Appraisal. New York: McGraw-Hill Book Company, 1978.

CONTENT OUTLINE

TEACHING SUGGESTIONS AND REFERENCES

I. Income Approach

A. Definition of
Income Approach

Defined as the value indicated by expected future income stream (an assumption). This method is used primarily in valuing properties subject to tenant occupancy (apartments, duplexes, etc.).

B. Sources of Rental
Information

Sources of rental income information include the actual rents in the leases, advertisements of the rental space, and interviews by the appraiser with realtors, bank officials, tenants, etc.

C. Estimating "Fair
Rental Value"

Vacant property or owner occupied property or proposed residential properties may raise problems in

estimating "fair rental value." The appraiser might compare similar properties that are presently rented, or examine comparable properties and with the use of multipliers attempt to determine a valuation.

D. Amenities

Definition - the qualities and state of being pleasant and agreeable. In residential appraising, those peculiar and intangible benefits of home ownership, such as satisfaction of possession and use arising from architectural excellence, scenic beauty and desirable social environment. AIREA, Appraisal Terminology and Handbook, (5th Edition, Chicago).

E. Summary and Illustration of Value Using Income Approach

The instructor may choose to use one of the problems contained in the attachments to this outline for summary and illustration purposes and for student work projects.

F. Illustrative Problems and Solutions - Income Approach

II. Market Data Approach

A. Definition of "Market Data Approach" (Sales Comparison Approach)

The market data approach known also as the market approach or sales comparison approach, results in a market value estimate derived from the analysis of recent sales of properties similar to the property being appraised. Real estate sales used for appraisal purposes are referred to as comparable sales.

B. Sources of Market Data

Sources of market data include files of appraisers, public records, direct interviews with buyers or sellers or realtors, and news media items.

C. The Technique in Market Data Approach

To use the market data approach, the appraiser must identify comparable properties. He must

analyze and compare the comparable properties with the subject property. He must adjust for differences in the time of sale, the location and neighborhood, and any physical characteristics of the site and structure that would cause a distinction between the comparable and the subject properties. The appraiser then determines the net adjustment and reconciles that with the subject property to determine the valuation on the basis of the market data approach.

- D. Summary and Illustration of Value Using Market Data Approach The instructor may use the illustrative problems attached to this outline to illustrate the market data approach and for class assignments.
- E. Illustrative Problems and Solutions - Market Data Approach

III. Writing the Appraisal Report

- A. Forms and Format Forms used for appraising by selected government agencies are attached to the outline. The instructor may wish to demonstrate and discuss a narrative appraisal report with the class. If so, the instructor may refer to illustrative material in one of the referenced texts, or use a narrative report from his own file, or call upon one or another class members to produce - if possible - a narrative appraisal report done for the student by a competent appraiser.

As a minimum, the instructor should outline the format of the narrative appraisal report to include:

- (a) Identification of property
- (b) Purpose of appraisal
- (c) Definition of value
- (d) City data

- (e) Neighborhood data
- (f) Site data
- (g) Description of improvements
- (h) Zoning
- (i) Assessment and tax data
- (j) Highest and best use
- (k) Analysis and interpretation
- (l) Reproduction cost approach
- (m) Sales comparison approach
- (n) Income approach
- (o) Correlation and value conclusion
- (p) Certification
- (q) Exhibits (floor plans, maps, photographs)

IV. Appraising as a Profession

Here the instructor may want to comment generally on the American Institute of Real Estate Appraising (AIREA), the requirements for membership and its code of ethics. The instructor may also wish to comment on the Society of Real Estate Appraisers and the requirements for membership and its code of ethics.

V. Application Commitment

The instructor should assign one or more residential properties as the subject of an appraisal report to be developed by the students. If the instructor has an appraisal association affiliation, the instructor may wish to supply forms to each student through the association contact. There are IFA - Residential Appraisal Report forms in blank contained in the attachments to this lesson for use by the instructor in the event that the instructor has no readily available alternative source of appraisal forms.

The appraiser should distinguish between these residential appraisal report forms and the more formal appraisal reports complete with pictures, etc. done by appraisers when requested by their clients to prepare appraisals for business decisions, etc.

VI. Supplemental
Materials

Attachment A

Residential Appraisal Report

Attachment B

Packet - National Association of
Independent Fee Appraisers

Attachment C

Quiz for Units VI and VII

Attachment D

Answers to Quiz

Attachment C

QUIZ

Units VI and VII

TRUE/FALSE

1. An appraisal is an attempt to obtain a just and fair opinion or estimate of the value of a parcel of real property.
2. There is never any problem in determining just what the value of a particular piece of real estate is.
3. An appraiser must recognize the existence of four primary elements that influence value: (1) physical elements; (2) economic elements; (3) social elements; and (4) legal elements.
4. In the final analysis, an appraisal is based on sound judgment.
5. General neighborhood characteristics have no relevance in helping the appraiser form an opinion as to the value of the property.
6. There are three common approaches to appraising single family residential real property: the cost to reproduce approach, the market approach, and the income approach.
7. Of the three approaches in residential appraising, the depreciation approach appears to be the one most heavily relied upon.
8. The objective of the "income approach" is to obtain comparable sales of comparable properties which will provide the basis for valuation of the property subject to the appraisal.
9. Functional obsolescence is an impairment of desirability and usefulness brought about by changes in design, art, process, and the like.
10. The income approach uses a gross monthly multiplier and the property is valued on the basis of the monthly rent for comparable sales of comparable properties multiplied by the gross monthly multiplier.
11. In today's residential real estate market where costs of residential housing have escalated virtually monthly, the use of the income approach can be seriously challenged because it is almost impossible to find a rental market for homes selling at upwards of \$100,000.
12. The designations "MAI" and "IFA" indicate that the designees have completed programs of instruction concentrating on appraising and appraisal techniques.

Attachment D
Answers to Quiz
Units VI and VII

1. True
2. False
3. True
4. True
5. False
6. True
7. False, The market approach
8. False, The market approach
9. True
10. True
11. True
12. True

UNIT VIII: REAL ESTATE FINANCE

COMPETENCY STATEMENT:

At the conclusion of the several lessons on real estate finance, the student will be acquainted with the principles, techniques, and institutions of real estate finance.

After completing this lesson, the student will be able to:

1. Recognize the need for real estate financing;
2. Understand generally the real estate cycles and their relationship with the general business cycle;
3. Recognize the main types of financial intermediaries involved in real estate financing - the so-called "fiduciary sources;" and
4. Recognize the "semi-fiduciary sources" for real estate financing.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapter 7.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapters 12 and 15.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 2 and 17.

Unger, Maurice A. and Ronald W. Melicher, Real Estate Finance, Cincinnati: South-Western Publishing Co., 1978. Chapters 11, 12 and 13.

CONTENT OUTLINE

- I. Real Estate Finance and Real Estate Cycles - In General

TEACHING SUGGESTIONS AND REFERENCES

The instructor should point out to the students that financing as it pertains to the sale of residential real estate is a great marketing tool. Failure to prepare and present accurate and appropriate financing information and data can be the cause for a

lost sale and a residue of ill will. The real estate professional must be an expert in financing to become an expert in selling homes.

The time to develop financing information begins with the listing interview with the seller.

This block of instruction on real estate finance constitutes one of the major blocks of instruction in this program and offers the student a general overview to financing initially with specific information and mathematical calculations relative to the West Virginia deed of trust and relevant government (VA and Farmers Home Administration) mortgage instruments.

B. Real Estate Cycles

Commentators generally agree that building activity follows to a degree the business cycle in a wave-like movement. The instructor may wish to orient students to the general concept of business cycles and the relationship with the real estate cycle (also called the national building cycle).

The instructor should also caution the students that local conditions may cause variations from national or regional business cycles and real estate cycles.

II. Fiduciary Sources for Real Estate Finance

A. Fiduciary Sources Defined

Fiduciary Defined: one who is in a position of trust by virtue of a relationship, such as an agent, or of an office or position, such as a corporate officer or trustee.

B. The Main Types of Fiduciaries

1. Commercial Banks
2. Savings Banks
3. Savings and Loan Associations

Financial intermediaries are fiduciaries, viz.: savings and loan associations, banks, insurance companies, pension funds, and credit unions.

4. Life Insurance Companies
5. Pension and Retirement Programs
6. Credit Unions

The instructor may wish to develop history of the financial intermediaries involvement in real estate financing. For example, the Federal Reserve Act of 1913 provided a real estate financing capability for national banks. Current regulations define limits on the amount of bank monies that can be committed to real estate loans, construction loans, and leasehold financing.

If the instructor wishes to develop more information and spend more time on this particular topic, he or she should contact local banks, life insurance companies and credit unions, etc., to request additional information relative to those agencies involvements in real estate finance.

III. Semi-fiduciary Sources for Real Estate Finance

A. The Most Important Semi-fiduciaries

1. Mortgage Bankers and Brokers

A mortgage banker is: "Any person, firm, or corporation... engaged in the business of lending money on the security of improved real estate in the United States and who publicly offers such securities, or certificates, bonds, or debentures based thereon, for sale as a dealer therein, or who is an investor in real estate securities, or is the recognized agent of an insurance company or other direct purchaser of first mortgage real estate securities for investment only."

Mortgage brokers perform the loan origination function by bringing together lenders and borrowers in real estate loan transactions, which results in a mortgage placement fee for successful loan originations.

2. R.E.I.T.'s

The Real Estate Investment Trust, or "R.E.I.T." as it is called, was set up by Congress in 1960, effective January 1, 1961. The intention of Congress was to give average people an opportunity for tax sheltered investment. The R.E.I.T. is not taxed as a corporation, but is treated as a conduit with respect to income distributed to the participants or beneficiaries of the trust.

3. Bond Dealers

Instructor's Note: The bond is commonly known as the evidence of the debt where a mortgage is used. The evidence of debt in some states is called a promissory note and in other states is called a bond. In West Virginia, the mortgage is not commonly employed in real estate residential financing. Rather, the deed of trust is employed and usually the evidence of debt is the promissory note when using the deed of trust. Thus, the instructor may wish to omit reference to bond dealers in their discussion of the semi-fiduciary sources for real estate financing.

4. Endowment Fund Managers

Instructors may want to contact trust officers at their local banks to discuss the endowment fund manager's role as a semi-fiduciary source for real estate finance.

IV. Application Commitment

A. Business and Real Estate Cycles

The instructor may wish to assign some or all students to review business publications (the Wall

Street Journal, Business Week magazine, Forbes, Fortune, etc.) with the objective of finding articles or commentaries on business cycles and the real estate/building cycle. Textbooks covering basic principles of economics may also serve as appropriate source books or references for student research.

In the alternative or in addition to having students do research on the business cycles and real estate cycles, the instructor may suggest that the students visit a bank or savings and loan institution to discuss with loan officers the bank's disposition toward real estate loans.

B. Current Loan
Terms From
Survey of Con-
ventional Loan
Sources

The instructor may assign one or more students to survey conventional loan sources for a conventional loan on an owner occupied, single family home for a term of years (20 or 30) to develop the following information in a chart: loan ratio - maximum loan - interest rate - points - etc.

V. Supplemental
Materials

Attachment A

Quiz

Attachment B

Answers to Quiz

Attachment A

Quiz

Unit VIII

1. Define the business cycle.
2. Name the four phases of the business cycle.
3. List three important business cycle time-series movements.
4. What is a secular trend?
5. What is a prime characteristic of a major business cycle?
6. How would seasonal variations impact on the real estate industry?
7. Is the real estate cycle related to the business cycle?
8. What is the length of the real estate cycle?
9. What "happenings" would contribute to recovery from the "trough" of the real estate cycle?
10. Is a knowledge of the national real estate cycle necessarily indicative of local trends?

Attachment B

Answers to Quiz

Unit VIII

1. Business cycles are a type of fluctuation found in the aggregate economic activity of nations that organize their work mainly in business enterprises; a cycle consists of expansions occurring at about the same time in many economic activities, followed by similar general recessions, contractions, and revivals which merge into the expansion stage of the next cycle; this sequence of changes is recurrent but not periodic in duration; business cycles vary from more than one year to ten or twelve years.
2.
 - (1) Expansion
 - (2) Recession
 - (3) Contraction
 - (4) Revival
3.
 - (1) Secular
 - (2) Major and minor business cycles
 - (3) Seasonal variations
4. A secular trend is a long-run movement (generally thought of as 20 years or more) resulting from forces such as population growth, capital accumulation, new markets, and technological improvements.
5. Major business cycles are characterized by the relatively long length of the expansion and contraction phases. Minor cycles are of shorter duration. Minor or major cycles may last no longer than a year or up to 13 years. Some of the factors in the business cycles are: inventory adjustments, employment and income levels, local population growth, and government monetary policies.
6. Monthly, quarterly, and weekly data suggests that there exists a regular recurrence of seasonal fluctuations. For example, the construction industry is more active during summer months; hence, residential sales peak in August and September.

These repetitive intra-annual changes are thought for the most part to be related to climate, holidays, vacation periods, and even differences in the number of working days within a month. These patterns frequently are repetitive because they are entrenched in custom. For example, school begins in September; therefore, families buy a home so the children can be enrolled.
7. Yes. It is generally agreed that building activity follows to a degree the business cycle in a wave-like movement. It is further indicated that the volume of real estate activity does not necessarily advance with the increases in general business, and declines in real estate activity generally precede general

business declines. It appears that the troughs and peaks of the real estate cycle go deeper and higher than those of the business cycle.

8. The real estate cycle (also called the building cycle) was first charted by J. R. Riggleman. He based his charts on building permits issued from 1830 to 1934. Riggleman's work showed cycles running from 15 to 20 years, or nearly twice as long as the major business cycles. The average length of the cycle is about 17.3 years. However, the post World War II cycle, at least in terms of residential construction activity, is of relatively shorter duration, moving from peak to trough in about 43 months.
9. Increasing employment levels, adequate money being available to finance home purchases, and substantial reduction in the over supply of dwelling units. Note that Congress gave a special tax incentive to individuals purchasing new houses during the 1974-75 recession in that a purchaser of a new house constructed, or under construction, before March 26, 1975, qualified for an income tax credit of 5% of the purchase price, up to a maximum of \$2,000.
10. No. Local markets will probably show greater degrees of variation than the total, national, building cycle of real estate cycle, both in amplitude and in frequency of variation. In other words, conditions of prosperity or depression in local real estate markets may be more or less than similar conditions for real estate nationally. It is possible that local conditions are diametrically opposed to those that exist nationally. "Know your market," is an axiom to remember.

UNIT IX: REAL ESTATE FINANCE (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Discuss the types of non-fiduciary sources for real estate financing and the availability of that source of financing in the student's geographic area of operation;
2. Discuss the government influence on private real estate financing; and
3. Be familiar with the government insurance and guarantees of deposits and mortgages.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapter 7.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapters 11 and 12.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 17 and 18.

Unger, Maurice A. and Ronald W. Melicher, Real Estate Finance, Cincinnati: South-Western Publishing Co., 1978. Chapters 13 and 14.

CONTENT OUTLINE

- I. Non-fiduciary Sources for Real Estate Finance
 - A. Non-fiduciary sources are generally private and independent
 - B. Types of non-fiduciary sources
 1. Title Insurance Companies
 2. Private loan companies
 3. Individuals

TEACHING SUGGESTIONS AND REFERENCES

Note: The instructor should point out to the students that little data is available on the over-all impact and significance of non-fiduciaries since most of their dealings are private. However, the instructor may have practical experience with financing from one or another of the non-fiduciary sources; or, students may have first hand experience with financing derived from one or another of these sources.

II. Government Influence
on Private Real
Estate Financing

Government influences are transmitted to the mortgage market and to real estate financing decision makers in several ways. First, the government at both State and Federal levels exercise legal and supervisory functions in determining ground rules of mortgage lending. Second, government policies dominate available funds and interest rates. For example, cite the recent change in the law in West Virginia providing for "floating" interest rates for mortgages. Third, the Federal government facilitates movement of additional funds to the mortgage market through Federal home loan bank system and the Federal National Mortgage Association (FNMA).

III. Government Insurance
and Guarantees of
Deposits and Mortgages

A. Federal Deposit
Insurance
Corporation (FDIC)

The FDIC was established in 1933 to stabilize the banking system. It presently insures each account up to \$40,000. All banks that are members of the Federal Reserve system must join. Nonmembers may join. The FDIC regulates bank operations in part by ruling on interest rates and auditing operations. The FDIC acts as a receiver in case of bank failure.

B. Federal Savings
and Loan Insurance
Corporation
(FSLIC)

FSLIC was established in 1934 to provide the same stability for savings and loans that the FDIC was established to provide for the commercial banking system. FSLIC insurance now is \$40,000 per account. The FSLIC is a subsidiary of FHLBS. All federally chartered savings and loan associations must have insured accounts. State chartered savings and loan associations may join.

C. Federal Housing
Administration
and the Veterans'
Administration
Programs

1. The FHA

The FHA was organized in 1934 to combat deteriorating mortgage market conditions. The original objectives were: (a) reduce down payments; (b) make amortization periods longer; (c) help develop secondary markets; and (d) encourage institutions to expand mortgage portfolios because of reduced risks.

The FHA does not loan money but rather insures the loan. Borrowers must meet FHA requirements as to credit, loan/value ratios, and construction specifications.

The FHA insurance costs borrowers about one-half per cent per year on unpaid balance. In default, the owner will lose his home, but the FHA insurance covers most of the lenders loss if there is any.

The FHA sets reasonably high standards for the borrower and the subject property. Interest rates fluctuate by law, not the market, although the interest rate tends to follow the market. Interest rates are usually lower through FHA financing than by a conventional financing. The downpayments are often lower through FHA. The FHA financing also may provide for amortization of up to 35 years on new homes. Some commentators opine that the red tape is voluminous in dealing with the FHA.

2. The VA

The VA program began in 1944 in the Serviceman's Readjustment Act. The loan is guaranteed, not insured. The interest approximates that of the FHA.

3. Evaluation
of FHA/VA
Programs

These two programs have made mortgage funds available on reasonable terms, and they have helped to establish a secondary market. Some would say that both programs have generally helped to raise housing standards.

Detractors state that the programs are partially to blame for neglect of inner city residential areas because the loan requirements tend to preclude low income, older neighborhood residences from being the subject of these programs. And, some commentators state that these programs may be partially to blame for inflation of home prices because of the easy terms creating more demand.

D. Farmers Home
Administration
(FmHA)

The Farmers Home Administration is a rural credit agency of the U.S. Department of Agriculture. The extent of the lending activities of the FmHA is greater than its name implies. In addition to farm ownership loans available to qualified persons who receive a substantial share of their income from farming, other loans are available.

Instructor's note: There is material in Attachment A to this lesson that explains in more detail the Farmers Home Administration function and operation. Materials of this type can be requested for the instructor and/or each of the students by contacting local or state offices for the various government financing agencies (VA, FHA, etc.)

IV. Application Commitment

Instructor's note: The instructor may suggest that one or more of the students research the recent change in the law in West Virginia providing for "floating" interest rates for mortgages (deeds of trust).

This can be done through reference to the appropriate West Virginia Code Section (available in all local libraries) and/or a request for information from the State Banking Commissioner in Charleston. (W. V. Code 47-6-5b: 1978)

Additional areas for further research by one or more students would be the Federal Housing Administration, the Veterans Administration, and/or the Farmers Home Administration.

The instructor may wish to request the students do a brief paper (one to five pages) on the organization, purposes and operation of these government agencies; or, the instructor may ask that the students take time to visit the local office of one or another of these agencies to discuss real estate matters with the local representatives.

V. Supplemental
Materials

Attachment A

Farmers Home Administration
Material

Attachment B

Quiz

Attachment C

Answer to Quiz

Attachment B

QUIZ

Unit IX

1. Discuss generally how an arrangement can be made involving an individual serving as a source of real estate financing. Include in your answer such concerns as the interest rate that an individual can charge the home buyer; how the individual can charge the home buyer; how the individual lender can be protected in the event of the borrower's default; and, the benefits and disadvantages to each party (debtor and creditor) where an individual provides the financing in the real estate transaction.

Attachment C

Answer to Quiz

Unit IX

The instructor should look for the appropriate rate of interest being cited in the student essay; a reference to a land contract or deed of trust and promissory note; some reference to the cancellation of the contract or foreclosure under the deed of trust; and, advantages and disadvantages that show that the student is aware of the impact of favorable interest rates available for both parties (higher than the lender could get in a passbook savings account but lower than the borrower could get through conventional financing) and the potential disadvantage of the individual creditor not having a willingness or ability to finance as much or for as long a period of time as the debtor might wish.

UNIT X: REAL ESTATE FINANCE (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student will:

1. Understand government activities in the secondary mortgage market;
2. Understand the functions of FNMA, GNMA, and FHLMC; and, the similarities and dissimilarities between these organizations;
3. Understand the federal farm credit system as it applies to real estate;
4. Recognize HUD's role in housing and mortgage markets; and
5. Understand the operations of the West Virginia Housing Development Fund.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapter 7.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapter 12.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapter 18.

Unger, Maurice A. and Ronald W. Melicher, Real Estate Finance, Cincinnati: South-Western Publishing Co., 1978. Chapter 14.

CONTENT OUTLINE

- I. Government Activities in the Secondary Mortgage Market
 - A. Federal National Mortgage Association (FNMA)

TEACHING SUGGESTIONS AND REFERENCES

The secondary market is the market for existing mortgages. It helps redistribute money from fund rich to fund poor areas nationally.

The FNMA was organized in 1938. It buys and sells FHA/VA and conventional mortgages. It uses an auction system to purchase these mortgages.

The FMNA is privately owned and profit oriented.

B. Government
National Mortgage
Association (GNMA)

GNMA was established in 1968 when FNMA turned private. GNMA operates under the direction of HUD and has specific responsibilities, viz., liquidations and special assistance, securities pools, and tandem plan.

C. Federal Home Loan
Mortgage Corpora-
tion (FHLMC)

FHLMC was created by the Emergency Home Finance Act of 1970. Its specific purpose is to provide a secondary mortgage market for savings and loan associations. The FHMLC purchases FHA/VA and conventional loans.

II. Other Government Real
Estate Finance
Activities

In addition to the government activities in controlling money and credit, insuring deposits and loans and operations in the secondary market, government is also active in two additional areas: farm loans and public housing.

A. Farm Credit System

A significant portion of the history of real estate lending concerns itself with farm loans.

The cooperative farm credit system originated in 1916 under the Federal Farm Loan Act. The 50 states are divided into 12 farm credit districts. In each credit district, there is a Federal Land Bank (and Federal Land Bank Association), a Federal Intermediate Credit Bank, and a bank for cooperatives.

The Federal Land Banks were established in 1917 with the purpose of providing low-cost, long-term credit to rural America. There are 12 Federal Land Banks, one in each farm credit district. These banks make mortgage loans for land, equipment, livestock and buildings. Most loans have variable interest rates and the funds are raised through sale of bonds to the public.

The Federal Land Bank Associations (FLBA) own all the capital stock of the 12 Federal Land Banks. That is to say, there is no government money in the system. The local associations administer the lending activities.

The Federal Intermediate Credit Bank (FICB) was established in 1923 to provide funds to local lending organizations to meet credit needs of the farmer. The FICB differs from the FLB in that the FICB loans are short-term to intermediate term. In effect, FICB is secondary market for farm loans - much like FNMA. The Federal Intermediate Credit Bank raises funds through the sale of bonds.

B. Farmers Home Administration

The Farmers Home Administration complements the activities of the cooperative farm credit system. It was established in 1946 to make and insure loans to farmers and ranchers unable to secure credit from other sources. Responsibilities are centered on relief for emergency situations (that is, where credit is unavailable).

Instructor's note: The instructor should refer to Lesson 9 for materials on the Farmers Home Administration.

C. HUD

The scope of activities of the Housing and Urban Development Department include:

- (1) FHA
- (2) GNMA
- (3) Interstate land sales
- (4) Urban Renewal and Rehabilitation
- (5) Open space land grants
- (6) New communities development
- (7) Public housing and other special problems

D. State Financing Agencies

1. West Virginia Housing Development Fund See the attachments for materials bearing on the West Virginia Housing Development Fund operations.

III. Application Commitment

Instructor's note: The instructor should, again, consider assigning one or more students to one or another of the various secondary mortgage market agencies requiring the students to do short written reports on the agency of their choice or that agency assigned by the instructor. Clearly the availability of information about these agencies is limited in many areas of the state, and this assignment may require that the instructor contact the agencies and have material sent in bulk for distribution to the class; or, allow the students a longer period of time to contact the appropriate agency and request material for their report.

IV. Supplemental Materials

Attachment A	West Virginia Housing Development Fund Material
Attachment B	Farm Credit System Material
Attachment C	Quiz
Attachment D	Answers to Quiz

Attachment C

QUIZ

Unit X

1. What is the Federal National Mortgage Association?
2. What is the Government National Mortgage Association?
3. What is the Federal Home Loan Mortgage Corporation?
4. What is the Farm Credit System?
5. What is the Housing and Urban Development Department?

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Attachment D
Answers to Quiz

Unit X

1. The Federal National Mortgage Association (FNMA) was created by Federal legislation enacted in 1938. The objective of that legislation was to develop a government sponsored secondary market for residential mortgages. Subsequently, FNMA (commonly referred to as "Fannie Mae") was moved from government ownership to private ownership. FNMA is a private corporation dealing in mortgage loans. The FNMA raises money by selling securities backed by its pool of mortgages. However, since this private corporation still has a public purpose, the U. S. Treasury has the authority to purchase Fannie Mae obligations. The Emergency Home Finance Act of 1970 permitted FHA insured and VA guaranteed mortgages. The organization's basic function is to provide a secondary market for residential mortgages by purchasing, servicing, and selling loans.
2. The Government National Mortgage Association was created as a result of the passage of the Housing and Urban Development Act in 1968. GNMA is a wholly owned government corporation and operates under the direction of the Department of Housing and Urban Development. GNMA (also known as "Ginnie Mae") was given responsibility for managing the certain mortgages that were previously under the domain of the FNMA prior to FNMA becoming completely private in 1968. A second responsibility, known as the "special assistance function," has expanded rapidly, and now dominates GNMA's operating activities. GNMA is involved in assisting the financing of urban renewal and experimental housing projects.
3. The passage of the Emergency Home Finance Act of 1970 resulted in the creation of the Federal Home Loan Mortgage Corporation. FHLMC is a federally chartered, nonprofit institution operating in the secondary mortgage market under the control of the Federal Home Loan Bank System. The FHLMC was initially funded in 1970 through a stock subscription of \$100,000,000 purchased by the 12 regional federal home banks. The Federal Home Loan Bank Board directs the mortgage activities of the FHLMC. FHLMC (also known as "Freddie Mac") as its primary objective acts as a secondary mortgage market institution assisting savings and loan associations (and to a lesser extent other lending institutions) to acquire funds for making additional mortgage loans.
4. The passage of the Federal Farm Loan Act of 1916 lead to the establishment of the cooperative Farm Credit System. The cooperative Farm Credit System was designed to assist in meeting the unique financing requirements of rural home owners, farmers, ranchers, and owners of businesses with farm related activities. The Farm Credit System is comprised of 12 autonomous Farm Credit Districts. In establishing the Farm Credit System,

Congress sought to provide low cost, long-term mortgage loans tailored to meet the needs of rural home owners, farmers, ranchers, and certain farm related businesses. In addition to rural home mortgage loans, mortgage loans are available for agricultural land and farms, farm machinery and equipment, livestock, etc.

5. The Cabinet level Department of Housing and Urban Development (HUD) was created in 1965 to extend the programs and activities of the Housing and Home Finance Agency. At that time, the Federal Housing Authority (FHA) was made part of HUD. The establishment of HUD in 1968 increased Federal involvement in the housing and mortgage financing markets. The Department of Housing and Urban Development now has administrative responsibilities over both the FHA and GNMA. HUD has the interest and rental subsidy programs (Section 235 and 236 Programs) in its jurisdiction. In addition, HUD is involved in a number of other urban renewal, rehabilitation, and public housing projects and programs.

UNIT XI: REAL ESTATE FINANCE (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Understand and explain the documents known as the promissory note and deed of trust as they are applied to residential housing financing; and
2. Explain the use of the land contract as a financing device for residential real estate.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapter 7.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapter 9.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapter 6.

Unger, Maurice A. and Ronald W. Melicher, Real Estate Finance, Cincinnati: South-Western Publishing Co., 1978. Chapters 1 and 2.

National Association of Realtors, Realtors Institute Reference and Practice Book, Volume 2. Chicago: National Association of Realtors, 1977. Chapter 3.

CONTENT OUTLINE

- I. Real Estate Finance Instruments
 - A. The Promissory Note and Mortgage

TEACHING SUGGESTIONS AND REFERENCES

Though the real estate finance market place has changed radically during the past several decades, the basic instruments for executing a loan have remained substantially unchanged

In West Virginia the use of the "mortgage" is not common. Rather, the deed of trust is the instrument most commonly encountered in real estate finance.

- B. The Promissory Note and Deed of Trust
- C. The Contract for a Deed
 - 1. The Land Contract
- II. Special and Specific Provisions of Real Estate Finance Instruments
 - A. The Promissory Note

The instructor should review in detail both the provisions of a typical promissory note and the provisions of the typical deed of trust. These items are included in the attachments to this lesson. Note, that the Release is normally submitted by the creditor when the note has been satisfied, and it should be recorded upon receipt by the debtor.
 - B. The Deed of Trust
 - 1. The Release
 - C. The Land Contract

A typical Land Contract is included in the attachments to this lesson outline. The instructor may wish to review in detail the provisions of this instrument.
 - D. Special Provisions that can be added to the Finance Instrument
 - 1. Prepayment clauses
 - 2. Due-on-Sale clause
 - 3. Variations in payments and interest
 - 4. Subordination
 - 5. Extension and modification
 - E. The Concept of Encumbrance
 - 1. Physical encumbrances

Physical encumbrances do not affect the owner's use or transferability. These are easements, public and private restrictions, and encroachments.
 - 2. Financial encumbrances

Financial encumbrances tend to restrict the owner's ability to transfer the property.

III. Application Commitment

Instructor's note: Students should be encouraged to go to the Record Room at the local Courthouse and check the recording procedures for deeds of trust. The instructor may wish to take the class to the Record Room and outline the recording process, or he may wish to make arrangements with one of the Record Room employees or the Clerk of the County.

The instructor may also suggest to the students that they check the Grantor's Index in the Record Room to discover Land Contracts recorded there. And, the instructor may further suggest to the students that the students review one or more of the Land Contracts recorded in the deed books.

IV. Supplemental
Materials

Attachment A

Land Contract

Attachment B

Promissory Note

Attachment C

Deed of Trust

Attachment D

Quiz

Attachment A

LAND SALE CONTRACT

THIS AGREEMENT, Made and entered into this the _____ day of March, 1978, by and between _____, party of the first part, and _____, husband and wife, parties of the second part.

WITNESSETH: That the party of the first part has this day agreed to and does by these presents sell to the parties of the second part, and the parties of the second part agree to and do hereby buy of the party of the first part, the following described lots, tracts or parcels of land situate, lying and being in the District of Clay, County of Wood and State of West Virginia, more particularly bounded and described as follows:

TRACT NO. 1: BEGINNING at a stone on the northern side of Staunton Pike, a corner to Tract No. 2 hereinafter described; thence N. 34° E. 159.8 poles to a stone; thence N. 69° W. 30 poles to a stone, Black Oak and Hickory pointer; thence S. 33° 32' W. 144 poles to a stone on the northern side of Staunton Pike; thence with the northern side of Staunton Pike in a southerly direction 29.48 poles, more or less, to the place of beginning, containing 27-1/2 acres, more or less.

TRACT NO. 2: BEGINNING in the Western line of W. S. Butcher's 9 acre tract at a stake in said line standing North 56° 47' East 15 poles from a locust post on the Northern side of the Staunton Pike (in lieu of a stone not found), running thence with the Western line of said 9 acre tract North 56° 47' East 83 poles to a point in the center of the Hill Road; thence south 69° 13' East 7 poles to the place of a hickory (gone); thence with another line of W. S. Butcher North 46° 18' East 78 poles to a stone in a drain; thence with a line of Daniel Eddy's land, North 71° West 60 poles to a small white oak

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at or near the corner of Dr. Ira Connelly's land (Parcel I herein); and thence with a line of said Dr. Ira Connelly's land (the 7th line reversed of Parcel I herein) South 35° 30' West 144 poles (crossing on old private road for a perpetual outlet to the Staunton Pike) to the place of beginning, containing 28 acres and 100 poles, more or less.

TRACT NO. 3: BEGINNING at a stone in a line of W. S. Butcher and Dr. Ira Connelly (Parcel II herein); running thence South 33° East 34 poles to a post corner to Vaught Chapel Cemetary; thence with a line of said cemetary South 40° East 8 poles to a post in the Howard line; thence with the same North 47° East 152 poles to a red oak; corner to Perry Tucker heirs; thence North 26° West 26 poles to a stone and black oak in a drain, corner to Dr. Ira Connelly (the end of the third line of Parcel II herein), thence with the third line reversed of Parcel II herein, South 47° West 77 poles to a post; thence with the second line reversed of Parcel II herein, North 70° West 7 poles to a stone; and thence with the first line reversed of Parcel II herein, South 57° West 75 poles to the place of beginning, containing 27 acres, more or less.

BEING the same real estate conveyed unto _____ by _____ and _____, husband and wife, by deed bearing date the 27th day of June, 1970, and of record in the Office of the Clerk of the County Commission of Wood County, West Virginia, in Deed Book _____ at Page _____.

The above-described tracts of land are subject to a number of right of way of record to the Hope Natural Gas Company, Monongahela Power Company, Chesapeake & Potomac Telephone Company, and Atlantic Telephone & Telegraph Company, and this conveyance is made subject to the same. There is also the possibility of private roads over and across the above-described tracts of land, and this conveyance is made subject to the same.

The parties of the second part, for their heirs and assigns, do hereby agree to pay to said party of the first part, his heirs and assigns, for the above-described real estate, the sum of Forty-Two Thousand Dollars (\$42,000.00), said sum to be paid as follows:

(1) Ten Thousand Dollars (\$10,000.00) cash in hand paid upon the execution of this contract, receipt of which is hereby acknowledged by party of the first part.

(2) The balance of said purchase price, to-wit: Thirty-Two Thousand Dollars (\$32,000.00) shall be paid in deferred payments of Two-Hundred Forty-Six and 99/100 (\$246.99) Dollars per month, including interest at the rate of eight per cent (8%) per annum, commencing on the _____ day of April, 1978, and continuing on the same day of each and every month thereafter for a period of twenty-five (25) years, until the principal amount and interest have been paid in full.

(3) The parties hereto agree that real estate taxes for the year 1978 and thereafter will be paid by the parties of the second part, taxes for the year 1977 having been paid.

(4) Said monthly payments are to be paid at Parkersburg National Bank, Parkersburg, West Virginia.

(5) It is understood and agreed by and between the parties hereto that the party of the first part also conveys all of the oil, gas and mineral rights in and underlying said tracts of land, subject, however, to an existing oil and gas lease from the party of the first part to Exxon Corporation, Box 2305, Houston, Texas 77001, dated June 4, 1976, for a primary term of five years, covering 83.125 acres.

(6) In addition thereto, the parties of the second part agree to keep said premises insured against loss by fire and other casualty, and agree to continue the existing policy on said premises with Nationwide Mutual Insurance Company, in an amount of not less than

\$31,200.00 on the dwelling, and \$25,000.00 liability. Insurance on the contents of the dwelling shall be determined solely by the parties of the second part. Said insurance shall be in the names of parties of the second part, with a loss payable clause to said party of the first part.

NOW, THEREFORE, in consideration of the sum of Forty-Two Thousand Dollars (\$42,000.00), and the covenants herein contained to be performed, the party of the first part does hereby sell, and the parties of the second part do hereby buy the property aforesaid; and the party of the first part does hereby further covenant that upon the full payment of the amount aforesaid, and the full execution of the other covenants herein contained to be performed by the parties of the second part, that he will execute and deliver to said parties of the second part a good and sufficient general warranty deed for said premises.

PROVIDED, HOWEVER, that a FAILURE on the part of the parties of the second part to pay the purchase price, or any part thereof, or any installments, or the taxes, assessments and insurance when due, or within sixty (60) days thereafter, or permit or suffer waste of any kind on said premises, or in the event of bankruptcy, receivership or suit of any kind involving the aforesaid real estate, then at the option of the party of the first part, notice of said option being hereby expressly waived, the entire principal balance, plus interest, shall immediately become due and payable, and this agreement shall immediately be void as it regards the parties hereto, and the monies paid herein by the parties of the second part shall be retained by party of the first part as rent of

said premises and for damages sustained by reason of the breach of this agreement, and the parties of the second part agree to give immediate possession on demand upon such default. Should default in this contract occur as above set forth, then and in that event, the parties of the second part, or their assigns, further irrevocably constitute and appoint the party of the first part, his heirs and assigns, as their true and lawful attorney in fact, for them and in their names, places and stead, to execute and deliver for recording a release of all their right, title and interest in and to the within contract, giving and granting unto their said attorney full power and authority to do and perform all and every act and thing whatsoever, requisite, necessary and proper to be done in and about the premises to all intents and purposes as they might or could do personally, hereby ratifying and confirming all that their said attorney shall willfully do or cause to be done by virtue hereof.

AND IT IS FURTHER AGREED that no sale, transfer, assignment or pledge of this contract shall be binding upon the party of the first part nor of any force or validity whatsoever, unless such is endorsed as approved by party of the first part in writing on this contract.

IN WITNESS WHEREOF, the parties hereto have hereunto set their signatures and seals on the day and year first above written.

_____(SEAL)

_____(SEAL)

_____(SEAL)

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

The foregoing instrument bearing date the ____ day of March, 1978, was acknowledged before me by _____, Single, on the ____ day of March, 1978.

NOTARY PUBLIC

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

The foregoing instrument bearing date the ____ day of March, 1978, was acknowledged before me by _____ and _____, husband and wife, on the ____ day of March, 1978.

NOTARY PUBLIC

This instrument was prepared under the direction of:
ROBERT J. LAWYER, Attorney at Law, Parkersburg, WV.

Attachment B

PROMISSORY NOTE

\$ _____ Parkersburg, West Virginia, _____, 19 _____

For Value Received, _____, jointly and severally, promise to pay to the order of _____

_____, of _____, the sum of

_____ (\$ _____), Dollars, with interest

thereon at the rate of _____ per cent per annum, payable in monthly installments of not less than _____

(\$ _____), Dollars each, promptly and without notice or demand

therefore, at _____,

in _____,

in advance, on the first day of each month after date.

It is agreed that the payments due upon this note may be anticipated by the persons liable for the payment of the same at any time, and the extra payments may be made hereon at any time.

Any payments made upon this obligation shall be applied first to the payment of all indebtedness due unto _____, for taxes, assessments, insurance premiums and any other charges paid by him (them) for said maker(s) or in his (their) behalf; second, to the payment of accrued interest upon this note and third, the residue of such payments shall be applied to the payment of the principal of the debt hereby evidenced.

It is agreed that time is of the essence of this contract, and in the event of default in the payment of any regular monthly installment due hereunder, or any part thereof, for a period of ninety (90) days, the holder(s) of this note may, at his (their) option, declare all of the remainder of said indebtedness to be due and collectible and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

IN TRUST, NEVERTHELESS, to secure the payment of the following:

_____ (\$ _____) Dollars borrowed money, with interest thereon at the rate of _____ (%) per cent per annum from date, evidenced by a negotiable, promissory, installment note, bearing even date herewith, executed by _____

_____, payable to the order of The Parkersburg National Bank, a national banking association, which is the beneficial owner of said indebtedness hereby secured, at its place of business in the City of Parkersburg, Wood County, West Virginia, as follows:

_____ (_____) equal monthly installments of _____ (\$ _____) Dollars each and a final installment of _____ (\$ _____) Dollars, the first of said installments to be due and payable on the _____ day of _____, 19____, and the succeeding installments on the like day of each month thereafter until _____ (_____) monthly installments have been made as herein provided. And also to secure any renewals, part renewals or extensions thereof.

Any payment or payments hereby secured may be anticipated in whole or in part on any date for payments fixed above.

The said parties of the first part hereby jointly and severally covenant and agree that they will, during the continuance of this trust:

(1) Pay the principal and interest hereby secured as the same become due.

(2) Not suffer any liens superior to the lien hereby created to be enforced against the said property, nor commit or suffer waste thereon.

(3) Pay, when and as the same shall become due and payable, all taxes and assessments of every kind that may be levied and/or assessed upon said property, and exhibit, annually on or before the first day of December to said beneficiary, receipts from the proper officers showing the payment of all such taxes and assessments, and exhibit to the said beneficiary the evidence of the discharge of all other liens superior to this lien when and as the same shall become due.

(4) Keep the buildings now on, and hereafter placed on, said land in good repair and insured against fire and windstorm for the benefit of the said beneficiary, in amounts and by companies satisfactory at all times to said beneficiary, and deposit all policies with said beneficiary, and deposit all renewal policies at least seven (7) days before the expiration of old policies.

And the said parties of the first part further jointly and severally covenant as follows:

(5) That the said beneficiary may pay any and all taxes and assessments and redeem the property from tax or assessment sale, remove all statutory liens therefrom, make said repairs and procure said insurance on failure of the said parties of the first part so to do, and all moneys applied for such purposes, with interest at six (6%) per cent per annum, shall become a part of the debt secured hereby, and shall be repaid by the said parties of the first part immediately on demand on said parties of the first part or the party or parties then in possession of said property.

(6) That in the event of the passage after the date hereof of any Federal or State law deducting from the value of land or property, for the purpose of taxation, any lien thereon, or changing in any way the law now in force for the taxation of mortgages, or deeds of trust, or debts secured by mortgages or deeds of trust, for Federal, State or local purposes, or the manner of collection on any such debt so as to affect this trust deed of said note, the whole of the principal and interest secured hereby shall, at the option of the said beneficiary, without demand or notice, forthwith become due and may be controlled as hereinafter provided.

(7) That if the said beneficiary deem it necessary to go into court, either in its own name or that of any other person, and either as plaintiff or defendant or by intervention, in any proceeding affecting said note, the indebtedness represented thereby, the property conveyed or this trust deed, it may do so, and the said beneficiary and the Trustees shall be allowed, and the said parties of the first part shall, on demand, pay all costs and expenses, including reasonable attorney fees, incurred by said beneficiary and the Trustees; and such sums shall be a part of the debt represented by said note hereby secured, and shall, when proper, be included in any judgment or decree rendered in such proceeding.

(8) That they will not, without the written consent of the beneficiary first had and obtained, sell, convey or transfer the property hereby conveyed while there is any sum unpaid under this deed of trust.

(9) That upon default in the payment of any of the monthly installments on said note as the same become due and payable, or upon breach or default in the performance of any covenant, condition or undertaking, expressed in or implied by this deed of trust and

by the said parties of the first part to be kept and performed, then, and in any such case, the whole indebtedness hereby secured shall, at the option of the said beneficiary and without notice, become immediately due and, together with all payments made and expenses incurred by the Trustees and the said beneficiary, may be collected at once by foreclosure, through court proceedings or otherwise, and the said beneficiary may without notice, enter upon the property hereby granted, or any part thereof, and collect all rents and income therefrom and apply the same, after the payment of collection expenses, to the debt hereby secured; and in addition, the said Trustees, either of whom may act hereunder, when requested to do so by the said beneficiary, shall at once proceed to sell at public auction to the highest bidder for cash, at the front door of the court house of said Wood County, all the property hereby conveyed, after first advertising said sale as required by law. Said parties of the first part waive personal notice of such sale and all adjournments thereof, and agree that adjournment or adjournments may be made by mere oral proclamation at the time and place of sale. The proceeds of said sale shall be applied: (a) to the costs and expenses of executing this trust, including a commission to the Trustee or Trustees making said sale as allowed by law, and all costs incurred by the Trustees under this deed of trust; (b) To the unpaid balance of the indebtedness hereby secured, which shall include all payments and expenses incurred, as aforesaid, by the said beneficiary; and (c) The remainder, if any, to the persons legally entitled thereto.

(10) That all of the obligations of said parties of the first part and all privileges of the Trustees and the said beneficiary shall be cumulative, and the failure of the Trustees or the beneficiary to exercise any option shall not act as a waiver of the right to exercise other privileges or options, or bar the right to do so, or act as a waiver thereof in favor of any junior lien or subsequent grantee; and the granting of any extension of time (either by accepting renewal notes or changing or extending the terms of payment) shall not act as a waiver of any other privilege or option or as a waiver in favor of any junior lien or subsequent grantee.

(11) That all covenants, promises, undertakings, obligations and benefits, herein provided shall bind and benefit, as the case may be, the respective heirs, devisees, personal representatives, successors and assigns of the parties of the first part, the trustees and the beneficiary.

(12) The Trustees, or either of them, may act by agent or attorney in the execution of this trust, and any sale hereunder may be made subject to any prior lien on the real estate hereby conveyed.

Where the singular or plural number is used herein, the same shall be construed to apply to the party or parties whether singular

or plural, and any word used herein indicating gender shall be construed to include all persons, firms or corporations parties hereto, of whatever gender.

Witness the following signatures and seals:

_____ (SEAL)

_____ (SEAL)

_____ (SEAL)

_____ (SEAL)

STATE OF WEST VIRGINIA,

COUNTY OF _____, to-wit: _____

I, _____, a Notary
Public of said County, do certify that _____

whose name _____ signed to the writing above bearing
date on the _____ day of _____ 19____,
h_____ this day acknowledged the same before me in said County.

Given under my hand this _____ day of _____ 19____.

Notary Public

My Commission Expires:

STATE OF WEST VIRGINIA

COUNTY OF _____, to-wit:

I, _____, a Notary Public of said
County, do certify that _____ who
signed the writing above, bearing date the _____ day of

_____ 19_____, for _____, a
corporation, has this day in my said county, before me, acknowledged
the said writing to be the act and deed of said corporation.

Given under my hand this _____ day of _____
19_____.

Notary Public

My Commission Expires:

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Attachment C
DEED OF TRUST

THIS DEED OF TRUST: Made this _____ day of _____, 19____, by and between _____ part _____ of the first part, and _____ Trustees, parties of the second part, whose residences are _____

WITNESSETH: That the said _____, in consideration of the matters hereinafter set forth and One (\$1.00) Dollar cash in hand paid, the receipt of which is hereby acknowledged, do grant, bargain, sell and convey unto the said parties of the second part. Trustees as aforesaid, and to their edged, do grant, bargain, sell and convey unto the said parties of the second part. Trustees, as aforesaid, and to their successors in trust, the following

described real estate situate _____ Wood County, West Virginia, more particularly bounded and described as follows:

TO HAVE AND TO HOLD the above described property, together with all appurtenances, hereditaments and buildings now or hereafter placed thereon, and all fixtures now or hereafter attached thereto, unto the said Trustees and their successors in the trust forever; and the said first parties do hereby covenant with the said Trustees that said Trustees and their successors shall have quiet possession of said property, free from all liens and encumbrances; that the said first parties will execute such further assurances of title as may be proper; and that said first parties will warrant generally the title to said property.

Attachment D

QUIZ

Unit XI

Discuss the differences between the deed of trust and the land contract as a financing instrument for real estate transactions.

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UNIT XII: REAL ESTATE FINANCE (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Discuss the use of second mortgages in residential sale transactions;
2. Discuss other instruments of real estate finance;
3. Understand the analytical process in qualifying the buyer for a loan; and
4. Understand and explain the "closing" process.

RECOMMENDED RESOURCES:

Ficek, Edmond F., Thomas P. Henderson, Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Co., 1976. Chapters 7 and 17.

Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapters 11 and 14.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 6 and 12.

Unger, Maurice A. and Ronald W. Melicher, Real Estate Finance, Cincinnati: South-Western Publishing Co., 1978. Chapters 1, 5 and 15.

National Association of Realtors, Realtors Institute Reference and Practice Book, Volume 2. Chicago: National Association of Realtors, 1977. Chapter 3.

CONTENT OUTLINE

TEACHING SUGGESTIONS AND REFERENCES

- I. Junior Instruments of Real Estate Finance
 - A. Normally between buyer and seller - to solve the buyer's problem of insufficient equity.

B. Second Mortgages

Second Mortgages are relatively high risk and are generally at relatively high interest rates. They may contain clauses giving the creditor the right to pay taxes, insurance, etc., to avoid foreclosure in the event of default by the debtor/buyer.

II. Other Instruments of Real Estate Finance

A. Open-End Mortgage

The open-end mortgage allows the borrower to secure additional funds from lender under terms specified in the original mortgage. This arrangement saves time and expense of refinancing.

B. Construction Mortgage

This instrument is sometimes called an interim financing instrument. It's unique because the collateral does not exist at the time the loan is made. The monies are disbursed either as a draw against completion or by payment of specific bills. It is often good policy to require a completion bond. In some instances, a standby commitment is a commonplace.

C. Blanket Mortgage

A blanket mortgage covers more than one parcel. It is prudent to have a partial release clause as part of the blanket mortgage.

D. Participation Mortgage

The participation mortgage involves a partnership of mortgages or mortgagors.

E. Leasehold Mortgage

F. Package Mortgage

This includes personal property as part of the mortgage collateral and may be a form or derivative of the open-end mortgage. Note that in some states, this package mortgage may be illegal, viz., Pennsylvania.

- G. Mobile Home Mortgage
- H. Miscellaneous Financing Forms Discuss purchase money mortgages and wraparound mortgages.
- III. Loan Processing in Real Estate Financing
 - A. Qualifying the Buyer As the loan/value ratios increase, the need to qualify the buyer becomes more important. Qualifying the buyer includes the analysis of the following:
 - (1) Loan application
 - (2) Financial statement
 - (3) Verification of deposits/employment/credit reports
 - (4) Credit evaluation relative to income and employment
 - B. Qualifying the Collateral To qualify the collateral usually requires an appraisal of the proposed collateral to establish the market value.
 - C. Analysis of Title In West Virginia, the abstract and attorney opinion will provide the required analysis of title. However, in many instances, a survey of the property would appear to be warranted. Title insurance which is not too common in West Virginia residential transactions may be involved occasionally.
 - D. Documentation and Closing Presuming the loan application is satisfactory and the collateral appears satisfactory and the title is satisfactory, the closing is the final step in the loan processing. The closing provides the time for the deed to be passed from seller to buyer and the cash to be passed from the buyer to the seller.

The typical closing also is memorialized by a "closing statement." The instructor should review a closing statement

in detail for the students. A copy of a typical closing statement form is appended to this outline. The instructor may want to comment on fees, escrow for taxes and insurance, tax adjustments, etc., that are normally covered at the closing and are reflected in the closing statement.

1. Settlement
Procedures
Act of 1974

The instructor may secure a copy of the booklet "Settlement Costs and You." These brochures are available from savings and loan institutions or other financial institutions handling mortgages. It outlines the RESPA requirements most handily and would be a valuable handout for each student.

IV. Application Commitment

Instructor Note: In seeking to have the student apply the materials covered and learned in this lesson, the instructor may wish to use closing experiences of his own in giving a sample closing problem for the students to complete. In the alternative, the instructor may suggest or request that students visit the local bank lending officer who generally handles real estate closings and ask that bank official to orient the student to the "closing." The student then would be required to prepare a brief report in writing to orally report to the class on the sum and substance of the banker's orientation.

Several of the textbooks give sample closing problems, and the instructor may wish to use one of the textbook sample problems to test the extent of the student's understanding of the closing process.

V. Supplemental
Materials

Attachment A

Closing Statement Form

Attachment B

Settlement Costs and You Booklet

Attachment C

HUD Uniform Settlement Statement

Attachment D

Quiz

Attachment E

Answer to Quiz

Attachment A
STATEMENT OF SETTLEMENT

SELLERS: _____
PURCHASERS: _____
PROPERTY: _____
Sale Price \$ _____
Less Down Payment _____
Balance Due \$ _____

SELLERS' STATEMENT

Liens	\$ _____	
Documentary Stamps	_____	
Recording	_____	
Deed Preparation	_____	
Prorated R/E Test	_____	
Broker's Commission	_____	
Other	_____	
Total Deductions from Sale Price		\$ _____
Net Amount Due Sellers		\$ _____

PURCHASERS' STATEMENT

Balance due Sellers	\$ _____	
Attorney Fees	_____	
Record Deed of Trust	_____	
Record Deed	_____	
Other	_____	
Total Cost to Buyers		\$ _____
Mortgage Loan		_____
Total Due from Buyers		\$ _____

Attachment D

QUIZ

Unit XII

State the purpose of the Real Estate Settlement Procedures Act, as amended, and briefly describe the restrictions and requirements under that Act.

Attachment E
Answer to Quiz
Unit XII

Suggested student response:

The instructor should look for these points in student answers to the quiz question:

The purpose of RESPA is to regulate and standardize real estate settlement practices when "federally related" first mortgage loans are made on one to four family residences, condominiums and cooperatives. Because the bulk of all home loans now made fall into this category, the impact of this law is far reaching.

Insofar as restrictions are concerned, RESPA prohibits kickbacks and fees for services not performed during the closing process. There must not be a justifiable service rendered for each closing fee charge. The Act prohibits the Seller from requiring that the buyer purchase title insurance from a particular title company. The Act restricts the amount of advanced property tax and insurance payments that a lender can collect and place in a reserve account.

The requirements of the Act dictate that the home buyer receive from the lender a special HUD information booklet explaining RESPA. Requirements also cover the following: that the buyer receive a good faith estimate of closing costs from the lender; that the lender will use the HUD Uniform Settlement Statement; and, the borrower has the right to inspect the Uniform Settlement Statement one business day before the day of closing.

UNIT XIII: REAL ESTATE FINANCE (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Understand and explain the reasons for defaults by the borrower/home owner;
2. Discuss and outline the foreclosure proceedings incident to mortgages and deeds of trust;
3. Recognize and apply basic formulas and procedures in the calculation of interest and the time value of money;
4. Understand and translate payment (amortization) schedules and tables;
5. Recognize and apply the major components of break even analysis and return on investment; and
6. Recognize specific objectives of creative financing.

RECOMMENDED RESOURCES:

- Ficek, Edmond F., Thomas P. Henderson, and Ross H. Johnson, Real Estate Principles and Practices. Columbus, Ohio: Charles F. Merrill Publishing Co., 1976. Chapter 7.
- Harwood, Bruce, Real Estate Principles. Reston, Virginia: Reston Publishing Company, Inc., 1977. Chapters 9 and 12. See also the companion resource book with this text at Page 281 et seq.
- Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapter 6.
- Unger, Maurice A. and Ronald W. Melicher, Real Estate Finance, Cincinnati: South-Western Publishing Co., 1978. Chapters 9, 10 and 16.
- French, William B., Stephen J. Martin, Thomas E. Battle, III, Real Estate Review's Guide to Real Estate Licensing Examinations for Sales Persons & Brokers. Boston: Warren, Gorham & Lamont, Inc., 1978. Chapter 15.

CONTENT OUTLINE

- I. Defaults and Foreclosures in Real Estate Finance

TEACHING SUGGESTIONS AND RESOURCES

Most real estate loans present no problem for the lender. The inflation and amortization

arrangement normally serve to protect the lender's interest in the transaction. Estimates put the foreclosure rate at approximately 5.5 per 1,000 nonfarm structures (.6%).

A. Default is a Breach of the Loan Agreement

A default may occur by having a delinquency in the payment of monthly principal and interest or a delinquency in the payment of the property tax. Insurance nonpayments may also constitute a delinquency or breach of the loan agreement. Poor maintenance will also constitute a breach of the loan agreement and result in default.

B. Foreclosures

Lenders are usually reluctant to foreclose. If it is a matter of default because of a delinquency in the payment, the lender will often adjust the terms of the mortgage so that the debtor (mortgagor) can more easily manage the payments. Even where there is a default and an inability of the buyer/debtor to correct the breach, the lenders will urge a voluntary conveyance by deed rather than a foreclosure.

Note that foreclosure provisions are different in mortgage instruments as compared to deed of trust instruments. The instructor should review the "foreclosure provisions" of the standard West Virginia deed of trust and emphasize the distinction between the deed of trust process and the typical mortgage process.

C. Second Mortgages

Second mortgages are handled exactly like conventional first mortgages in the event of foreclosures.

D. Deficiency Judgment

If the sale of the property does not produce enough to pay the full debt, the lender/creditor can sue on the promissory note

and obtain a deficiency judgment. Note this may not be quite the case on FHA or VA loans.

II. Mathematics in Real Estate Finance

- A. Interest
- B. Time Value of Money
- C. Payment Schedules
- D. Measuring Profitability

It has been said that the mathematics required to successfully cope with real estate finance are equivalent to seventh and eighth grade mathematics. The instructor should prepare simple problems to acclimate the students to the calculation of interest, the time value of money, etc. A sheet containing basic formulas for these calculations is attached to this outline.

III. Creative Real Estate Finance

- A. In General
- B. Specific Objectives of Creative Financing

The increasing costs of construction, the high land values, high interest rates, and continuing upward trend in the cost of existing housing force originality in designing the financing package. While many innovative devices have been introduced to keep pace with the increasing costs, virtually all the new techniques build upon the basic financing tools.

- 1. Reduce taxes
- 2. Wraparounds

A wraparound mortgage is actually a second mortgage wherein the first and second mortgage payments are paid to the second mortgagee. This second mortgage pays the first mortgage. The interest rate would be below the current market for the second mortgage, but it would be above the interest rate of the first mortgage. Thus, the second mortgage interest on the total of both loans and pays the lower interest to the first mortgagee.

- | | | |
|----|-------------------------|--|
| 3. | Sale - lease
back | The sale and lease back arrangement primarily accommodates larger projects and is generally for commercial properties. |
| 4. | Equity
Participation | Equity participation usually involves a sale and buy back or a splitting of the ownership. |
| 5. | Other
Techniques | Other techniques include the seller refinancing prior to sale. Guaranteed "trade-ins" are also situations qualifying for consideration as creative financing arrangements. |

IV. Application Commitment

The instructor may wish to assign the students to research and report on one or another of the creative financing modes discussed during this period of instruction. The guaranteed trade-in; real estate syndicates and limited partnerships (equity participation); the wraparound mortgage or kicker; the sale-lease back; and the sale-buy back are all topics that the instructor should touch on during the class period but which could be developed in more detail by the students on short-term independent project assignments.

In the alternative, the instructor may wish to assign arithmetic problems to be done by the students in an effort to assure their application of the lesson materials presented.

V. Supplemental Materials

- | | |
|--------------|---|
| Attachment A | Mathematics in Real Estate Finance (formulas) |
| Attachment B | Quiz |
| Attachment C | Answers to Quiz |

Attachment A

Topic 16

Mathematics in Real Estate Finance

I. Interest

A. Simple interest

1. $I = \text{Principal} \times \text{Rate} \times \text{Time}$

B. Add-on interest (increases simple interest rate)

1.
$$\text{AIR} = \frac{2(I)(C)}{P(n+1)}$$

I = number of installment payments per year

C = total loan charge

P = Principal

n = number of installments in the contract

C. Compound

1. $\text{Compound Sum} = \text{Beginning Deposit} (1+i)^n$

II. Time Value of Money

A. Present worth of a dollar

1.
$$\text{PW} = A \left(\frac{1}{(1+i)^n} \right)$$

A = amount

B. Present worth of an annuity

1.
$$\text{PWA} = \text{RA} \left[\frac{1}{(1+i)^n} + \frac{1}{(1+i)^{n-1}} + \dots + \frac{1}{(1+i)^{n-n}} \right]$$

RA = regular amount

III. Payment Schedules

A. Amortization

1. $\text{PWA} = \text{RA}(\text{IF})$

PWA = present worth of an annuity

IF = interest factor

2. Loan constant

$$\text{LC} = \frac{i}{1 - \frac{1}{(1+i)^n}}$$

IV. Measuring Profitability

A. Break-even analysis

$$BE = FC / 1 - VCR$$

FC = fixed cost (\$)

VCR = variable cost ratio

B. Return on investment

1. $\frac{NOI}{Cost}$

2. Yield

Attachment B

QUIZ

Unit XIII

TRUE/FALSE

1. Estimates put the foreclosure rate at approximately 5.5 per 1,000 nonfarm structures or approximately .6%.
2. A mortgage foreclosure means that the mortgagee may institute proceedings to force a sale of the mortgage property.
3. It is never necessary to have a title search or an abstract of title prepared in pursuing a foreclosure action.
4. In a foreclosure action, it is necessary to bring in all other parties in interest, who generally are lienors junior to the mortgagee's lien.
5. The summons and the complaint begin the foreclosure action.
6. At the time of the filing of the summons and the complaint, a lis pendens (notice of pendency of action) is filed with the clerk of the county in which the property is located.
7. If there is a default on a deed of trust, the Trustee is officially notified by the lender of the default.
8. Under a deed of trust, the Trustee commences any Court action necessary for the foreclosure.
9. A sale-lease back is a transaction in which a seller sells real estate to a buyer who, as part of the transaction, leases the property back to the seller, usually for a longer period of time.
10. The basic idea of the sale-buy back is quite simple --- a lending institution buys the property and sells it back to the builder-developer.
11. Strictly speaking, the wraparound mortgage is not a mortgage at all, but rather it is a covenant contained within a mortgage.
12. The syndicate or limited partnership is both an investment vehicle for small investors and a source of funds for a builder-developer.
13. Limited partnerships consist solely of limited partners.
14. Under a guaranteed trade-in arrangement, if the broker cannot sell the client's home, the broker gives the owner the guaranteed price.

Attachment C
Answers to Quiz
Unit XIII

1. True
2. True
3. False
4. True
5. True
6. True
7. True
8. True
9. True
10. True
11. True
12. True
13. False
14. True

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UNIT XIV: REAL ESTATE FINANCE (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

Distinguish between the organization, funding procedures, and paperwork requirements of the various agencies and organizations invited to participate as panelists during this lesson.

RECOMMENDED RESOURCES:

Any handout materials which the guest speakers provide relating to their agency or organization and its practices and procedures.

CONTENT OUTLINE

- I. Panel Discussion of
 Agency and Organiza-
 tion Representatives
 to Discuss Financing

TEACHING SUGGESTIONS AND REFERENCES

The instructor should arrange for a panel discussion involving representatives from as many agencies and entities that have been covered in the financing outlines as possible. For example, the instructor could invite representatives of commercial banks and savings and loan associations locally along with a representative of the West Virginia Housing Development Fund, the FHA, the Farmers Home Administration, the Federal Land Bank, etc., to orient the students to the operation of their organization and provide an update on procedures, availability of funds, interest rates, etc.

This serves the dual function of enhancing the understanding of the student as to the workings of the various entities and introducing the students to individuals that they may contact for help with specific clients and particular problems.

A list of agencies and their contact persons is attached to this outline.

II. Application Commitment

The instructor may wish to require the students to make brief outlines of the distinguishing characteristics and the differences between the various agencies represented at the panel discussion.

III. Supplemental
Materials

Attachment A

List of Agencies and
Representatives

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Attachment A

AGENCIES AND THEIR REPRESENTATIVES

- | | |
|---|--|
| 1. Federal Housing Administration
(no longer known as FHA - now
U. S. Department of Housing
and Urban Development (HUD)) | P. O. Box 2948
Kanawha Valley Bank Building
Capitol & Lee Streets
343-6181
Carl A. Smith, Supervisor of
Charleston Office |
| 2. Farmers Home Administration
(FmHa) | James W. Facemire
State Director
P. O. Box 678
Morgantown, WV 26505 |
| 3. West Virginia Housing
Development Fund | Charles C. Steele
Executive Director
814 Virginia Street East
Charleston, WV 25301
348-3732 |
| 4. Federal Land Bank
(Farm Credit Service) | Home Office: P. O. Box 2404
Clarksburg, WV
624-5551 |

UNIT XV: SUMMARY AND REVIEW

COMPETENCY STATEMENT:

This lesson or session is designed to provide the instructor and the students with an opportunity to summarize and review the preceding 14 lessons.

RECOMMENDED RESOURCES:

All previous references.

CONTENT OUTLINE

I. Summary and Review

TEACHING SUGGESTIONS AND REFERENCES

The instructor should, at this time, review generally the topics covered during the preceding 14 sessions. Legal considerations, construction, appraisal, and finance should be the topics commented upon with special reference to the salient points in each lesson made as a summary by the instructor.

While it would be entirely possible to fill this entire lesson (3 hours) with a review and summarization of the prior 14 sessions, the instructor may wish to call upon various students to report on their "application of the lesson" assignments.

As an alternative during this session, the instructor may also wish to give an examination on the materials covered during the previous sessions - although this is not mandated at this time. The instructor should recognize that any examination would serve as a useful tool in appraising the students' grasp of the content material to this point.

UNIT XVI: A GENERAL OVERVIEW OF SELLING

COMPETENCY STATEMENT:

Lesson 16 begins a new and readily distinguishable segment of instruction in this program for real estate agents and prospective agents. The first 15 sessions or lessons of the program of instruction were devoted to the technical aspects of the real estate brokerage industry, viz., legal considerations, appraisal, construction, and real estate financing. The following 15 lessons (beginning with Lesson 16) concentrate on the admittedly broad topic of salesmanship, soliciting listings, showing and selling the property, and client follow-up.

After completing this lesson, the student will be oriented to the general principles of salesmanship. More specifically, the student will be able to:

1. Define "selling;"
2. Discuss the general characteristics of the real estate agents market;
3. Know the four factors of buyer motivation;
4. Recognize characteristics of good sales people;
5. Understand the importance of knowing one's company; one's products; and one's competition; and
6. Understand some general principles concerning interpersonal communications.

RECOMMENDED RESOURCES:

National Association of Realtors, Realtors Institute Reference and Practice Book, Volume I. Chicago: National Association of Realtors, 1977. Chapters 1, 5, 7, 9, 10, 11 and 12.

National Association of Realtors, Realtors Institute Reference and Practice Book, Volume II. Chicago: National Association of Realtors, 1977. Chapters 1 and 9.

O'Donnell, Paul T., and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company, 1978. Appendix A and Appendix J.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press, 1978. Chapters 1, 2 and 3.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapter 21.

CONTENT OUTLINE

I. Introduction

A. What is Selling?

TEACHING SUGGESTIONS AND REFERENCES

Instructor's Note: The primary purpose of this lesson is to provide an overview and orientation on selling and salesmanship for the student. The general principles of selling or salesmanship are to be outlined and analyzed during this lesson. The instructor may wish to use any one of the standard college textbooks on salesmanship principles for backgrounding for this lesson.

The recommended resources cited above direct the students' attention to the real estate industry and the principles of selling incident thereto. At this juncture, the instructor should attempt to instill in the student an awareness that the principles of selling apply irrespective of the product being sold. Thus, students who have had experience as salespersons prior to entering real estate may find this to be a refresher lesson re-enforcing or expanding some of their on-the-job training or experiences in other fields. Students who do not, for whatever reason, continue in real estate, may find that the principles introduced in this lesson (and subsequent lessons) may be beneficial to them in their subsequent positions as salespersons in other businesses.

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Selling defined: Selling has been defined as analyzing potential customers' needs and wants, and assisting them in discovering how these needs and wants can be satisfied by purchasing a particular product, service, or idea.

The instructor may wish to take time at this point in the lesson to discuss the all pervasive nature of selling and salesmanship. It has often been said that "nothing happens until the sale is made." Data tends to indicate that salesmen are among the highest paid workers in the country. And, many people say that everyone is involved in selling something - be it a product, a service, or himself. Time could be devoted to the history of selling and the tangible and intangible rewards for the salesperson. Virtually all standard textbooks cover these areas in sufficient detail for the instructor to devote 15 to 30 minutes of the lesson to these considerations.

II. The Market Place

The salesperson must know the market place. The following elements help the salesperson determine, define and develop the market.

A. Geographic Area

The salesperson must know within what geographical territory he or she can function. Clearly, it is a function of the employer or the salesperson's own resource as to where the salesperson will operate. But, it is important initially to insure that the salesperson understands the geographical boundaries that are imposed by the employer, state agencies licensing the salesman, the salesman's own personal financial resources, or other factors tending to limit the area of the market.

- B. Population Trends Generally speaking, people make the market. For a great number of commodities, products, and services to be sold, the salesperson must determine not only what the population is, but just as importantly, is the population increasing or decreasing.
- C. Age Trends Age, too, has a direct bearing on the extent and type of market which the salesperson is operating in.
- D. Income and Expenditure Trends
- E. Demand Characteristics

Instructor Note: Having cited these elements of geography, population, age, income and demand, it would be informative to you and the class to discuss sources of this information. Chamber of Commerce data, bank data, census statistics, etc., are just a few of the source agencies that can aid the salesperson in becoming more familiar with his market place.

III. Buyer Motivation

The instructor should attempt to generate student involvement in discussing what motivates a buyer to buy.

A. Perception

Perception deals both with how the prospective buyer perceives himself and his wants and how the salesperson perceives the prospective buyer. These perceptions are generally developed on the basis of the experiences and environments of the prospective buyer.

- (1) Heredity
 - (2) Background and Experiences
 - (3) Peer Pressures
- These five factors relating to the prospective buyer, if known and understood by the salesperson, can enhance measurably the probability of sales success. These factors can be developed in

- | | |
|---------------------|---|
| (4) Snap Judgements | discussions with the prospective buyer. Also, the salesperson should not overlook the opportunity to visit in the home or office of the prospective buyer to further develop and understand an appreciation of these factors. |
| (5) Self Image | |

B. Attitudes

- | | |
|---|---|
| (1) What are They? | The instructor can encourage the students to recognize the attitudes of the prospective buyer wants or does not want in the product, commodity, or service being sold. And, again the instructor must stress the importance of knowing as much about the prospective buyer as possible in order to assure that the salesperson has a correct understanding or awareness of the prospective buyer's attitudes. |
| (a) Belief .
About an
Object | |
| (b) Feelings
About an
Object | |
| (c) Tendency
to
behave
in a
certain
way
towards
an
object | The instructor should elicit from the class comments by the students as to why attitudes are important.

The instructor should lead the class, too, in a discussion of what can change attitudes. Answers to that question include: experience, recognition of a want, change in self concept, change in the product, and changes in services. |

C. Needs and Motives

- (1) Need: Something is Missing (Psychological, Social, Physiological).
- (2) Motives: The Feeling or Condition That Causes Specific Activity Designed to Bring About Satisfaction.

(3) Need Satisfaction

(4) Need Priority

(a) Maslow's
Hierarchy

(1) Psychological

(2) Safety

(3) Social

(4) Esteem

(5) Self-
Realization

(5) Motives: Why are
Motives Important?

IV. What Makes a Good
Salesman?

The instructor may have his own
list or a list developed from
external sources; but, as a
minimum, these are points that
students should raise in answer
to this question:

Belief in the product

Belief in the company you
represent

Enthusiasm for people

A dedication to getting
results

A realization that you're
selling a bit of yourself
everytime you sell
something

V. Creative Selling

A. Know Thy Company

(1) History and past
performance

(2) Policies and
procedures

(3) Office facilities

(4) Names of company
personnel

(5) Future plans of
the company

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B. Know Thy Product

- (1) Product Knowledge
- (2) Relationship of product to needs
- (3) Resolving customer needs
- (4) Uses and limitations
- (5) Service requirements

C. Know Thy Competition

- (1) Why is this important?
- (2) Factors
 - (a) Strengths and weaknesses
 - (b) Comparative positions
 - (c) Dependability
 - (d) Product Line
 - (e) Names and experience of competing salesman
 - (f) Pricing and credit policies

VI. Communication With Customers/
Clients

A. The Communication Process

1. Sender
2. Receiver
3. Understanding

B. Characteristics of Words

1. Words have many meanings and sometimes those meanings change

C. Minimizing Communication Breakdowns

1. Use face to face communication
2. Develop effective listening habits
3. Don't create credibility gaps
4. Choose effective times for communications
5. Avoid wordiness

D. Silent Languages

1. Eyes
2. Inactivity
3. Handshakes
4. Body Language
5. Space
6. Status Symbols

E. Listening

1. Listening is important
2. Is listening easy?
3. Listening responses
 - (a) The Nod
 - (b) The Pause
 - (c) The Casual Remark

(d) The Echo

(e) The Mirror

VII. The Sales Presentation

A. The Six Stages of the Sales Presentation

1. Preapproach information
2. Getting prospect's attention
3. Arousing prospect's interest
4. Convincing prospect to buy
5. Creating desire
6. Closing the sale

The instructor may want to spend time detailing each of the six stages by asking for class reaction to what they think each of the six stages is composed of or what is done during each of the stages. The instructor should have oriented himself or herself to the stages of the sales presentation in sufficient detail so as to recognize what one should be doing during each of these stages as a salesperson in the sales presentation.

VIII. Application Commitment

The instructor may wish to have the students list the attributes of a good salesman. In the alternative, the instructor may ask that the students outline the six stages of the sales presentation and comment briefly on the general happenings during each of the stages.

Instructor Note: Attached to this lesson is a bibliography of Sales text. The instructor is encouraged to use one or another of these texts to "flesh out" the outline material in Lesson 16.

While not every text will approach the teaching of "Salesmanship" as the Lesson 16 outline suggests,

there is a sufficient commonality of approaches that virtually all texts can be relied upon to equip the Instructor to back-ground the students in selling. The subsequent lessons equip the student to sell Real Estate.

IX. Supplemental
Materials

Attachment A

Bibliography of Texts on Selling
and Salesmanship

Attachment A

BIBLIOGRAPHY

Baer, Earl E., Salesmanship, New York: McGraw-Hill Book Company (1972)

Haas, Kenneth B. and John W. Ernest, Principles of Creative Selling. Encino, California: Glencoe Publishing Co., Inc. (1978)

Kirkpatrick, Charles A. and Frederick A. Russ, Salesmanship, Cincinnati: South-Western Publishing Co. (1976)

Kossen, Stan, Creative Selling Today, San Francisco: Canfield Press/Harper & Row Publishers, Inc. (1977)

Russell, Frederic A., Frank H. Beach, and Richard H. Buskirk, Textbook of Salesmanship, New York: McGraw-Hill Book Company (1974)

Young, James R. and Robert W. Monday, Personal Selling: Function, Theory and Practice. Hinsdale, Ill.: The Dryden Press (1978)

UNIT XVII: PREPARING TO LIST

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Distinguish between types of listing agreements;
2. Obtain and analyze copies of listing agreements from his/her own real estate office;
3. Describe agency - principal relationships, providing examples of ways in which the agency can fulfill his/her obligation to the principal;
4. Use the Multiple Listing Service available to him/her locally;
5. Provide reasons why listing is beneficial to the seller, broker, and sales agent;
6. Begin a system of organizing himself/herself to obtain listings by maintaining a time sheet and starting a prospect file;
7. Recall at least five sources of listings;
8. Explain in his/her own words the meaning of the terms presented in Lesson 17;
9. Respond accurately to 80% of the items included in the check-up quiz for Lesson 17; and
10. Implement the Application Commitment Plan for Lesson 17, demonstrating his interest and willingness to study and apply course principles and practices.

RECOMMENDED RESOURCES:

O'Donnell, Paul T., and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company, 1978. Chapter 1.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press, 1978. Chapters 4, 5 and 6.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 19, 20 and 21.

CONTENT OUTLINE

I. Getting Ready, Set, and Going on Listings

TEACHING SUGGESTIONS AND REFERENCES

Instructor Note: With the beginning of this lesson, the orientation turns directly to real estate sales and marketing techniques. In this and subsequent lessons, the emphasis is more on the application of the material and less on the quizzes and examinations. The instructor should note the change in the format for the "Application of the Lesson" beginning with this Lesson No. 17. Hereafter, the student is asked to keep a notebook and record in the notebook application phases of the various lessons. The instructor should plan to monitor these notebooks and review them periodically. Quiz questions are contained in each lesson and may be used by the instructor as a homework assignment or as a summary and/or review tool at the end of the lesson or at the beginning of the next lesson.

The instructor needs to be alert to the fact that there is an abundance of material in many of these lesson outlines, and in a number of lessons, there may be problems with too much material and too little time. Therefore, the instructor should review all lessons well in advance to determine time allocations and to further determine what materials should be given emphasis and what materials in the lesson should be skimmed over, assigned for collateral study, or assigned outside of class for an application of the lesson, quiz material, or independent study.

A. Getting Ready for Listings

Note that getting ready involves knowing the meaning of the term "listing" and parts and parties involved in the total transaction.

1. Meaning of Listing

A listing is a record of property for sale by a broker who has been authorized by the owner to sell; also used to denote the property so listed.

A listing is a contract under which the owner of property agrees to employ a broker to find a buyer for his/her property.

2. Parts and parties involved in the total transaction

Explain the total transaction as the entire sales and listings process.

a. Listing

- (1) Need for the sales agent to sell himself/herself to the seller (also called owner or client)

Emphasize that this must be done before selling the owner on listing.

- (2) Prospecting for listings

Refer to the subtopics for this on the course outline.

- (3) Obtaining listings

Use course outline for subtopics related to this.

- (4) Marketing the listing

Point out these subtopics on the course outline.

b. Selling

- (1) Need for
the sales
agent to
sell him-
self/her-
self to
each pro-
spective
purchaser

State that this step must come before selling the property.

Add that the sales agent must convince both owner and prospective purchaser of his/her ability, knowledge, fairness, integrity, and industriousness in completing the transaction at the most satisfactory price and terms within the normal listing period.

- (2) Obtaining
prospective
purchasers
- (3) Qualifying
and knowing
purchaser and
property
- (4) Showing the
property
properly
- (5) Closing
the sale

Note that this includes overcoming objections.

B. Getting Set for
Listings

Tell group that we have gone through the get ready phase and now will focus on getting set, including the topics listed, 1., 2., and 3.

1. Looking at listing agreements
2. Using the multiple listing service
3. Knowing the need to list: seller and broker

C. Getting Going on
Listings

Point out that the GO phase will include a. and b.

1. Organizing yourself for listings
 - a. Setting goals

Emphasize the importance of establishing attainable goals and using time management to achieve goals.

- b. Planning time effectively
- 2. Seeking sources of listings

II. Looking At Listing Agreements

- A. Types of Agreements See if students can contribute types.

1. Exclusive listing

- a. Meaning An exclusive listing is a contract to sell property as an agent, according to the terms of which the agent is given the exclusive right to sell the property or is made the exclusive agent for its sale; also applied to the property so listed.
- b. Need for contract to be written, as required by law in many states
- c. Contract set for a definite period of time, allowing sufficient time to initiate and conduct an effective selling campaign Cite local practices.
- d. Exclusive agency versus exclusive right to sell Determine if class members are aware of the difference.
- (1) Exclusive agency The exclusive agency gives a broker the right to sell a property exclusive of all other brokers, entitling the broker to commission from the owner even if the property is sold by another broker; However, if the owner sells the property himself/herself, he/she is not liable for payment of a commission to the broker.

(2) Exclusive right to sell

The exclusive right to sell entitles the broker to receive his/her commission no matter who sells the property.

e. Advantages of an exclusive listing

Distribute "Advantages of An Exclusive Listing: Two Points of View," located at the end of this lesson, or develop advantages from group before distributing this.

2. Multiple listing

a. Meaning

A multiple listing is an arrangement among real estate board or exchange members whereby each broker brings his/her listings to the attention of other members so if a sale results, the commission is divided between the broker bringing the listing and the broker making the sale, with a small percentage going to the real estate board.

b. What - an arrangement among real estate board or exchange members whereby each broker brings his/her listings to the attention of other members.

State that a multiple listing may be best understood by considering the "what," the "why," and the "how."

c. Why - to get the owner the best price possible in the shortest period of time.

d. How

(1) Broker joins the multiple listing bureau, paying a fee.

(2) Broker transmits an exclusive listing to the bureau after a stated number of days. Point out that within the stated period, the broker attempts to sell the property on his/her own account.

(3) Bureau sends out the listing to all of its members, and all now attempt to sell the property. Mention that in this way the seller has both the advantages of the exclusive listing and the open listing.

(4) Commission is earned by and paid to the listing broker, who divides it according to a pre-arranged agreement. Note that if the listing broker himself/herself makes the sale, he/she is entitled to the entire commission on the transaction, less whatever percentage may be due the listing bureau.

e. MLS as an exclusive listing Explain that MLS actually is an exclusive listing, listed with one broker, with copies of the listing distributed to all other members of the service.

f. Printed pictures listings distributed daily, weekly or as accumulated. Show samples and/or have students bring in examples from their own offices. State that MLS soon will be discussed further.

3. Open Listing Call for meaning and the difference between open, exclusive and multiple listings.

a. Meaning

Open Listing: One given by an owner to many brokers while retaining the right to sell the property himself. The broker earns his commission only if he/she finds a buyer before the owner or another broker does.

State that the word "open" means exactly what it says - it is open to everyone.

b. Disadvantages

Ask for any advantages.

(1) Broker - reluctance to spend time and money promoting a property when all efforts may be in vain.

(2) Owner - no action on his/her property due to lack of motivation on the part of the broker

4. Net Listing

a. Meaning

Net Listing refers to a price below which an owner will not sell the property and at which price a broker will not receive a commission; the broker receives the excess over and above the net listing as his/her commission.

Point out that following the net listing agreement, the listing may be made with the broker as an open, exclusive right, or exclusive agency type of listing.

- b. Disadvantage for broker - poor public relations

Explain that no matter what the broker receives as a commission, he is likely to be criticized by the buyer or seller or both.

B. Content of the Agreements

- 1. Exclusive authorization to sell

Obtain and distribute copies of one or more exclusive listing forms from local real estate firms.

- a. Property description and information

Go over all information required, using the example of a specific property throughout.

- b. Contract

Review with class the entire content of the contract on the sample forms.

- 2. Listing agreement for residential multiple listing.

Distribute the MLS form used locally.

- (a) Property description and information

Cover all information required, applying this to a property example.

- (b) Contract

Allow time for class members to read this or review with them, using the example of a specific property.

- 3. Open listing agreement for residential listing

Distribute a sample form and cover contents with class.

Assign each class member to obtain and analyze copies of listing agreements from his/her own real estate office, bringing these to the next class meeting.

C. Agency - Principal Relationships

- 1. Meaning of terms

See if class can contribute definitions before providing these.

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- a. Agency Agency is a legal relationship in which one party, called a principal, gives authority to another party, called an agent, to act for him/her in business dealings with third parties.

- b. Principal Principal: One who appoints an agent to act for him/her in business dealings with third parties.

- c. Agent Agent: A person acting on behalf of another.

- 2. Agent's Obligation to the Owner Attempt to develop this from class members.
 - a. An honest effort to sell the property

 - b. An effort to treat the owner's interest as your own State that a cardinal principle in the laws of agency in selling real estate requires that the agent handle all aspects of the sale as if the property were, in fact, his/her own.
 - (1) Proper representation of the owner

 - (2) Respect for the owner's confidence Point out that the owner, in turn, is asked to put his/her faith in the agent's service and give full cooperation.

 - (3) Care in avoiding disturbing the owner unnecessarily in showing the property Emphasize the need to notify owners of appointments for inspections and of any cancellations.

 - (4) Need to show the owner how he/she can help Consider distributing "Help-Hints in Selling Your Home" and/or "Showmanship Helps Your Home Sell Faster," from Lesson No. XXV.

- c. Need to account for money and property Stress that a real estate broker handling funds or property belonging to a principal must account for these upon demand from the principal.
- (1) Accounting in writing by the broker of those funds handled by him/her. Note that when a broker receives money or property for a client, he/she is placed in the position of a trustee.
- (2) Opening of a special escrow account in an insured bank or depository for client's funds. Tell group that the mingling of the broker's business or personal funds with those of his/her clients is the basis for the revocation or suspension of his/her broker's license.
- d. Provision for delegation of authority Explain that in order to avoid complications concerning delegation of the agent's authority, most of the broker's contracts of employment contain a statement covering this.
- Give as an example: "You may, if desired, secure the cooperation of any other broker or group of brokers in procuring a sale of said property."
- e. Obligation to obey instructions State that the broker must obey both instructions contained in the listing and special instructions; if he/she deviates from these, he/she may find himself/herself liable to his/her principal for damages resulting from deviation.

- f. Avoidance of negligence Cite the general rule of agency regarding the negligence - that the agent is bound to exercise the same skill as other brokers operating in the same capacity; if he/she is negligent, he/she is liable for any resulting loss sustained by the client.
- g. Adherence to the fiduciary concept. Ask for the meaning of fiduciary.
- (1) Meaning of fiduciary Fiduciary: Involving one who holds something in trust for another; a person who stands in a special relation of trust, confidence, or responsibility in his/her obligation to others as an agent of a principal.
- (2) Requirement to act completely "above board" with the client.
- (3) Need to reveal to client all facts concerning the transaction. Give the example of knowing and revealing that a prospective purchaser is acting for someone else.
- h. Requirement to serve the client, the seller, and not both buyer and seller except in obtaining consent of both. Point out that the broker cannot serve both parties since the seller desires to obtain the highest price possible, and the purchaser wants to buy the property at the lowest price possible.
- State that any consent should be obtained in writing from both parties and kept in the broker's files.

III. Using the Multiple Listing Service

A. How it Works - The MLS Plan Adapt to local MLS service.

1. It is necessary for an owner to see only one broker.
2. The broker lists the property to be sold the same way he/she takes any exclusive listing.
3. The listing broker or the MLS central office duplicates the listing sheet, usually with a photograph of the property.
4. Copies are distributed to all MLS members.
5. The regular commission is earned by the listing broker but shared with the selling broker in accordance with the terms of the contract. Note that disbursement of commissions is made at settlement.
6. Usually, there is an affiliation with the local Board of Realtors, although: Describe the local arrangement.
 - a. The trend is to form separate corporations, primarily for tax reasons.
 - b. There are private systems owned by individuals, available only to approved members. 172

7. Major purposes are to:

- | | |
|---|---|
| a. Better serve the client (seller) by selling his/her property at the best price in the least possible time. | Explain that this is achieved through MLS (and cooperation among brokers) by making the property available to more sales people and, consequently bid the price up. |
| b. Obtain listings more easily from owners who wish to have a number of brokers cooperating in selling their property. | |
| c. Enable all members of the MLS always to have a maximum stock of listings to offer their customers. | |
| d. Offer a modern merchandising service for real estate which is the basis for productive advertising and sales promotion by the brokers cooperating in the MLS plan. | |

B. Advantages

Try to develop these from class.

1. The greatest advantage is wider distribution and exposure to the market.

2. The orderly, professionally-handled market provides a maximum inventory for sellers, buyers, and brokers.
3. Prices tend to be more competitive and realistic, leading to an increasingly active market. Compare to a supermarket (vs. a country store or neighborhood grocery store) where the best prices, greatest volume, and most rapid turn-over occur.
4. It is the all-inclusive, most professional, most effective, up-to-the-minute method of merchandising real estate yet devised.
5. MLS provides sales comparables needed both for pricing and listing realistically and reasonably and for selling to purchasers who want to compare properties.

C. The Computer - Realtron

1. Realtron is a nationwide computer real estate listing service located in Detroit, Michigan.
2. Electronically, you can select about any information desired about any listing desired. State that all that is needed is a touch tone telephone and the security code number. Explain advantages of the computer.

IV. Knowing the Need to List:
Seller and Broker

- A. Why the seller needs to list his/her property with a Realtor. Distribute "Why the Seller Needs to List His/Her Property with a Realtor" and discuss reasons with class.

- | | |
|--|---|
| B. Why some sellers will not list. | Distribute and discuss "Why Some Sellers Will Not List: Owner Objections to Listing." |
| C. Listings - the broker's inventory | Stress that, obviously, to sell real estate you must have property for sale; if nothing were for sale, there would be no buyer activity. |
| 1. Without a maximum number of properties for sale, the broker would do a minimum amount of real estate selling. | Refer to listings as the Realtor's stock in trade or "stock on the shelf." |
| 2. "A property well listed is half sold." | Ask class what is meant by this frequently expressed statement and summarize contributions. |
| 3. A maximum number of listings gives the broker exposure to a greater number of potential purchasers. | Point out that the broker and his/her staff who are constantly on the move, seeking out new and fresh listings, are exposing themselves to a far greater number of potential purchasers than real estate personnel who sit by the telephone, hoping it will ring. |
| D. A Steady Income Through Listings | Note that this means a steady income for the broker and all of his/her staff who constantly prospect for and obtain new listings. |
| 1. More listings mean more sales. | State that the prospective purchaser must have comparisons, both good and bad, and that these may reshape his/her mental image of intended purchase to one which fits his/her pocketbook and other requirements. |
| 2. As a sales agent spends more time in the business (more hours per week), he/she generates more listings. | |

3. If a sales agent sells X% of his/her listings in a certain price range, he/she will consistently produce a somewhat fixed income.

Cite examples.

4. Agents who secure more sales and make more money also land more listings than less successful agents!

Mention some outstanding local examples.

V. Organizing Yourself for Listings

Refer to GO phase of listings.

A. Management Basics of Listing

1. Set goals for yourself.

Provide examples or have class contribute these.

2. Budget your time.

3. Become an expert on an area by concentrating.

4. Sell yourself on the benefits of listing in order to sell owners on these benefits.

B. Time Management

1. Why sales agents must budget their time may be summarized as follows:

See if students can give reasons.

a. Hard work must be combined with effective planning of time to achieve success.

b. Time will be wasted if it is not planned, evaluated, and carried out as planned, for example:

Call for examples of wasting time before presenting those listed.

- (1) Working hard with a prospect who is unlikely to buy while neglecting one whose patronage would develop a sizeable commission.
- (2) Forgetting to keep appointments.
- (3) Scheduling two inspections at the same time.

c. Time is money.

Emphasize that real estate agents work for commissions, get paid for their time, but set their own income scale; that every wasted hour is money out of their pocket; that to throw away a productive hour is the same as burning money.

2. Manage your time trying these techniques:

a. Keep in black and white, written down, a "time sheet" broken down to at least half-hour periods.

Show an example of a time sheet such as "Daytimers," etc.

b. Schedule in advance each day's activities - plan tomorrow's work tonight.

c. Recognize that the mechanics of the job are secondary; sales and listings come first.

Explain that this means not getting bogged down in a mire of details.

d. Determine what your tasks are and delegate other tasks.

Ask to whom certain duties might be delegated, mentioning the office secretary and the finance company.

e. Combine activities when possible.

Call for examples of combining tasks within the same time period.

f. Achieve a balance in the amount of time devoted to each major activity.

Ask what major activities need to be scheduled.

(1) Prospecting for and obtaining listings

(2) Inspecting property

(3) Obtaining prospective purchasers and showing property

(4) Servicing and closing both listings and sales

Summarize time management by stating that it is a way of working smarter, not necessarily harder.

C. Prospect File Planning

Focus on listing prospects only.

1. Information about all prospects should be recorded on a 3 x 5 card and filed for easy reference in a file box.

Show samples and bring out that if the needs of the prospect cannot be satisfied with the listings that the broker has at the moment, his/her needs might be satisfied at some future date; thus, the prospect file is needed for both immediate and future use.
2. The prospect card should contain:
 - a. The name, address, and telephone number of the prospect
 - b. His motivation to sell
 - c. Source of prospect referral (walk in, etc.)
 - d. Property description - style construction, floors, bedrooms, baths
 - e. Financial information - mortgage, equity, payments, taxes, price
3. Collect and use all available sources for prospective listings.

Ask the class to suggest some sources, such as: civic organization, township and subdivision telephone and membership listings; city directories; criss-cross directory; club membership directories; military and business directories; telephone directories.

D. Aids in Getting Organized

1. Checklists

Point out that these usually are available from the broker or Board of Realtors or included in references such as the Realtor's Blue Book.

2. Equipment to gather and take with you

Distribute a list of your own recommended equipment or suggest listing forms, clipboard, tape measure, lock box, sign, appraisal forms, tips to the seller handout sheets or brochures, flipchart, etc.

E. Dedication to the "Big D's": discipline and determination.

Show visual, "The Big D's."

1. Discipline is the name of the game in successful sales and listings.

Point out the difficulty of self-discipline in budgeting time and keeping to each predetermined step versus the ease of letting matters take their course, working without a plan, and being the slave of time rather than its master.

Mention that the Application Commitment Plan for the course, to be distributed later, is one built-in way to help develop self-discipline.

2. Determination, coupled with discipline, is an unbeatable combination in successful sales and listings.

Add that determination means to be resolute or firm in working toward established goals.

3. The "Big D" team can enable you to:

a. Be responsive to change, using:

Stress that change is the only thing permanent about real estate; that prices, market conditions, interest rates, etc., all change constantly.

Give this quote: "Man's intelligence is measured by his ability to adapt to change." (source unknown)

- (1) Real estate seminars and courses
 - (2) Trade and economic publications Suggest and show the publications you prefer.
 - (3) Personnel in allied fields, such as home buildings and mortgage brokerage.
- b. Keep abreast of local developments Ask what kinds of local developments are important.
 - c. Know the geographic area in which you are concentrating your efforts.
 - d. Complete the detail work necessary to insure the adequacy of your listings.
 - e. Seek out new and fresh listings constantly.
 - f. Obtain listings through developing competency in selling owners on the benefits of listing.
 - g. Market your listings thoroughly, accurately, and effectively.

VI. Seeking Sources of Listings

Assign one person to record and have the other class members name as many sources of listings as possible very quickly, noting the total number of sources contributed (modified brainstorming technique).

Add any sources not already included and arrange to duplicate the total list for all students or distribute "Sources of Listings."

Have class star those sources that you feel are most important.

VII. Summarizing and Applying Lesson 17

A. Check-Up: Preparing to List

Assign group to complete this quiz, allowing class time or making it an activity to carry out before the next class meeting.

B. Application Commitment Plan: Preparing to List

Distribute and assign, explaining the need for application on the job in order to make course content a part of students' competency package in real estate listings.

C. Listing Problem

Consider assigning this to complete by the next class meeting and, if so, provide the listing forms needed. (A problem developed by the instructor for local application may be substituted.)

VIII. Supplemental Materials

Attachment A

Advantages of an Exclusive Listing: Two Points of View

Attachment B

Why the Seller Needs to List His/Her Property with a Realtor

Attachment C

Why Some Sellers will not List: Owner Objections to Listing

Attachment D

Attachment E

Attachment F

Attachment G

Attachment H

Attachment I

Attachment J

The Big D's

Sources of Listings

Checkup: Preparing to List

Answers to Checkup

Application Commitment Plan

Listing Problem

Solution to Listing Problem

Attachment A

Advantages of An Exclusive Listing: Two Points of View

A. BROKERS' POINT OF VIEW

1. Broker is justified in spending time and money to locate logical buyers and negotiate a sale when he/she has an exclusive contract.
 - a. He/she can afford to advertise the property.
 - b. He/she is assured of air compensation for his/her services when he/she controls the sale of a property and is, therefore, motivated to concentrate on exclusive listings.
2. Broker has the option of offering the property through other Realtors, if desired.
3. An exclusive listing gives the broker assurance that the property he/she is selling can be delivered at a definite price and upon pre-established terms.

B. OWNER'S POINT OF VIEW

1. When the broker offers the property for sale through other Realtors, the owner receives the dual benefits of individual preferred attention and wide market distribution.
2. Summary of advantages included in a leaflet prepared by the National Institute of Real Estate Brokers:
 - a. "Exclusive listing is the modern sales plan recommended by the National Association of REALTORS. You give the Realtor of your choice exclusive

authority and responsibility for prompt, satisfactory sale of your property. He/she becomes your personal representative, and you get preferred attention and expert service from start to finish."

- b. Why exclusive listing is the fastest way to sell your real estate at fair market value:
- (1) Preferred attention
 - (2) Active sales effort
 - (3) Real selling power (by offering the property through other brokers)
 - (4) No bother for you (by showing the property only to buyers who are ready to do business, saving the owner, the annoyance of dealing with a number of different people)
 - (5) Businesslike approach (through the benefits of professional real estate experience and salesmanship, "know-how," and up-to-the-minute market facts)

Source: *National Institute of Real Estate Brokers. Real Estate Salesman's Handbook, 5th revised ed. Chicago: National Association of REALTORS, 1969, pp. 81-82.

Attachment B

Why The Seller Needs To List His/Her Property With A Realtor

1. The seller lacks skill and experience in real estate sales. The Realtors is in a much better position to move the property at a fair price because today's complex real estate market takes real experience and skill.
2. The Realtor knows the market and where the prospects are to be found.
3. The owner needs a go-between or third person. Even a mediocre sales agent can do a better job as a sales intermediary than can the principal.
4. Offers taken by the agent are in writing, while negotiations directly between owner and prospective purchaser frequently are strictly verbal, leading to misunderstandings.
5. The average buyer is timid about talking frankly to the owner. The buyer usually will not make criticisms that must be answered before the sale can be closed. Also, the purchaser may be too proud to ask for terms he/she needs that may be less attractive to the onwer than the terms specified.
6. The owner is inclined to be sensitive, resenting criticisms. Negotiations may end up in a heated argument rather than a sale.
7. A Realtor knows how to advertise to the best advantage. He/she has a lower advertising rate and can afford to advertise more frequently than an owner. A Realtor also knows how to write ads that "pull," requiring specialized knowledge.
8. The seller must give the address of the property over the telephone when a prospective purchaser calls. Frequently, the purchaser is disappointed at the outside appearance and drives off without seeing the interior.
9. Seller and purchaser often get into a price discussion over the telephone. This should be avoided until the house has been shown.

10. The Realtor understands all the facets and types of financing and how to qualify the buyer. The average seller hasn't the remotest idea. (An FHA contract may be negotiated directly, and two months later it is learned that the purchaser cannot qualify for the loan. In the meantime, the seller's house has been off the market all this time.
11. The Realtor knows how to protect the seller in the contract. (If the purchaser provides the lawyer, the latter is protecting only the former.)
12. The seller cannot follow up on his/her own prospect. If he/she did so, he/she would seem too anxious, which could lead to a low offer.
13. The prospective purchaser dealing directly with the owner frequently is short on cash. This lessens the seller's protection if he/she takes back a second trust. One of the main reasons some buyers attempt to deal directly is that they realize they do not have enough cash to pay the commission, as well as insufficient assets to give any cash equity to the seller.
14. The owner usually cannot price the property realistically. He/she lacks the expert appraisal knowledge, and if he/she compares his/her home with others sold in the neighborhood, he/she is bound to be biased in favor of his/her own home. Also, the seller does not have the Lusk Reports or Multiple Listing reports that so often assist Realtors in getting the facts on comparable selling price.
15. The seller may get an insufficient deposit. The purchaser hesitates to trust him/her with a large deposit since it will not be put in escrow and the seller is not bonded. Thus, if the purchaser changes his/her mind he/she can forfeit a small deposit and the house is back on the market.
16. The seller must stay home evenings and weekends to answer the telephone and the door. An agent, on the other hand, makes appointments in advance for the owner.
17. The seller's house must be ready to show at all times. An owner sign brings the people to the door at all hours.
18. Most sellers are in no position to take a trade due to lack of experience and knowledge. The Realtor, of course, can and does make trade deals.
19. The seller rarely can take contingent contracts. He/she is not in a position to know when a contingent contract is any good. The Realtor does know and can recommend a good contingency when it comes along.

20. The seller is limited in the number of prospects he/she can obtain. A Realtor can give him/her wide distribution and exposure to the market.

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1. "We're going to sell ourselves and save the commission."

In saving the commission, the owner must be prepared to do the work of the broker. The seller must understand all the steps that the broker takes to protect his/her interest and assure a settlemeent without any hitches. See also the twenty reasons that demonstrate why the seller needs to list his/her property with a Realtor or how the Realtor earns his/her commission.

2. "I have a friend in the business."

The Realtor must sell the company. In addition, he/she can point out that in an important deal like selling a home, it is often better to have a business-like arrangement with a relative stranger than with a friend to whom you feel a personal obligation.

3. "We don't want anything to do with real estate people."

Let the owner talk out his/her problem or past experience; then, proceed to sell the firm, giving facts and names of satisfied sellers and urging him/her to call these sellers. If you have gone over your sales presentation and the owner still does not want "anything to do with real estate people," do not force the issue.

*Gale, Jack L. Listing Real Estate Successfully. Englewood Cliffs, N. J.: Executive Reports Corporation, pp. 503-512.

Attachment E
Sources Of Listings

1. Previous buyers
2. Referrals from previous clients and customers
3. Contacts in the community
 - a. Friends
 - b. Architects
 - c. Builders
 - d. Attorneys
 - e. Executives of financial institutions
 - f. Administrators and personnel managers
 - g. Executors
 - h. Courthouse employees
 - i. Leaders of civic and religious organizations
 - j. Movers
 - k. Brokers in other areas of the community
4. Sold signs - sending "Introducing your new neighbor" letters
5. Word-of-mouth advertising
6. Your own spouse and children - keeping their eyes and ears open for listings
7. Owner's ads and signs
8. Cold canvassing or random personal visits
9. Direct mail solicitation
10. Newspaper advertising in the classified ads
11. Open listings - converting these to effective controlled inventory
12. General institutional advertising

- a. Yellow pages of the telephone directory
 - b. Billboards
 - c. Programs
 - d. Special promotions
 - e. Give-away items (calendars, pens, etc.)
13. Attention to news items - vital statistics, death notices, marriages, divorces, births, business transfers
14. Different routes to the office to look for clues to potential listings
15. Development of a "nose" for listings
- a. Utilizing people who know of properties that are not actively on the market
 - b. Looking at every parcel of land with a critical eye
 - c. Checking court house records regularly

Attachment F

CHECKUP: PREPARING TO LIST

Directions: Use your own paper to state your answers to each of the following quiz items, but be certain to place beside each answer the letter and number to which it corresponds, for example, A. 1. Please complete your work by the next meeting so that answers may be provided at the beginning of that class meeting.

A. Listing Agreements

1. The difference between the exclusive agency and exclusive right to sell agreements is that:
2. A multiple listing is also an exclusive listing because:
3. An open listing differs from an exclusive listing in that:
4. A net listing may be briefly explained as:
5. The contract relationship between principal and agent is called _____.
6. For each of the following, state one way in which the agent can fulfill his/her obligation to the principal:
 - a. Treating the principal's interest as his/her own.
 - b. Accounting for money and property
 - c. Providing for delegation of authority
 - d. Adhering to the fiduciary concept

B. The Multiple Listing Service

7. Name at least two advantages of MLS.

C. The Need to List: Seller and Broker

8. State three reasons why the seller needs to list his/her property with a Realtor.
9. A common objection of owners to listing with a Realtor is:
10. Listings may be referred to as the broker's "stock on the shelf" because:

D. Organization of Self - Time Management

11. Name three techniques of time management in real estate.

E. Sources of Listings

12. List at least five sources of listings, adding as many other sources as you can recall without referring to any class notes.

Attachment G

Answers to Checkup

Unit XVII

- A.
1. in the exclusive agency agreement, if the owner sells the property himself/herself, he/she is not liable for payment of a commission to the broker. The exclusive right to sell entitles the broker to receive his/her commission no matter who sells the property.
 2. it is listed with one broker with copies of the listing distributed to all other members of the service. The commission is earned by and paid to the listing broker, who divides it according to a prearranged agreement.
 3. the open listing is one given by an owner to many brokers while retaining the right to sell the property himself/herself. In an exclusive listing agreement, the agent is given the exclusive right to sell the property or is made the exclusive agent for its sale.
 4. an agreement in which a price is stated below which an owner will not sell the property and at which the broker will not receive a commission. The broker receives the excess over and above the net listing as his/her commission.
 5. agency.
 6.
 - a. Properly representing the owner, respecting the owner's confidence, avoiding disturbing the owner unnecessarily, and showing the owner how he/she can help
 - b. Maintaining accounting records in writing of funds handled by the broker and opening of a special escrow account in an insured bank or depository for clients' funds
 - c. Including a statement about delegation of authority in the broker's contract of employment: "You may, if desired, secure the cooperation of any other broker or group of brokers in procuring a sale of said property."
 - d. Acting completely "aboveboard" with the client and revealing to the client all facts concerning the transaction
- B.
7. Any two purposes or advantages listed on pages 11 and 12 of the lesson plan

Checkup Answers (Continued)

- C. 8. Any three reasons listed on the handout "Why the Seller Needs to List His Property With A Realtor"
- 9. Any one of the objections stated on the handout "Why Some Sellers Will Not List"
- 10. without a maximum number of properties for sale, the broker would do a minimum amount of real estate selling.
- D. 11. Any three techniques listed on pages 80 and 81 of the lesson plan.
- E. 12. Any five sources of listings included on the handout "Sources of Listings" of mentioned in class.

Attachment H

APPLICATION COMMITMENT PLAN: PREPARING TO LIST

About Application Commitment Plans: At the end of each class session, you will be given the application commitment plan form. You are asked to select from the activities listed those that you definitely intend to carry out as soon as possible, hopefully, before the next class session. Check in the space provided each activity you agree to try out and sign the agreement. As you apply principles presented in class through the activities, it is important that you keep a record of your experiences. A special notebook is suggested for this purpose. Insofar as time permits, your experiences will be discussed in class.

I agree to carry out the following activities, designed to apply principles presented in Unit XVII.

Check Activities to
be Carried Out:

- _____ 1. Collect and analyze copies of listing agreements from my own real estate office.
- _____ 2. Use the Multiple Listing Service available locally.
- _____ 3. Begin keeping a time sheet and planning each day's activities during the preceding day or evening.
- _____ 4. Begin a prospect file.

Signed _____

Application Record

(Keep in Notebook)

Attachment I

LISTING PROBLEM

Donna and Will E. Tell are the owner occupants of the property located at 122 Ashland Dr. The Post Office address is Wheelburg, Marion County, West Virginia 26000, and is known as Lot 7, Section 2, Hampton Woods Subdivision.

The improvements include a 10-year old rambler style house with Frame and Composition siding which is 44.3 feet by 28.3 feet. A post-rail fence encloses the lot. A single carport is attached.

Taxes are \$592.00 annually and city water and sewerage are available. The lot is 82.90 feet by 149.67 feet containing 12,117 square feet.

Equipment includes stove, refrigerator, dishwasher, disposal, some window shades, a 2-year old central air conditioning unit, washer, dryer, and some storm windows.

The house has a full basement with an outside entrance. In the basement there are two bedrooms, 14' x 8.6" and 12' x 11', a recreation room 26.4' x 18.7' with a fireplace and a 1/2 bath.

The heating plant is gas hot forced air and the hot water heater is gas.

Entrance is into the living room which is 18.5' x 13.4'. Other rooms on the main floor are as follows:

Dining Room	13.11' x 9.11'
Kitchen (with eating space)	13.14' x 9.3'
Bedrooms (3)	13.9' x 10.4'
	10.10' x 10.4'
	9.9' x 9.6'
Baths (2)	Full Ceramic tile

There is a fireplace in the Recreation Room and possession is 30 days after contract.

Existing financing is as follows:

1st Deed of Trust	\$30,257 (approx.)
Interest rate	7 1/2%
PITI	\$270 monthly
Mortgages	Mid-State Corp.
Type loan	G.I. (with \$25 fee)
2nd Deed of Trust	None (owner does not want one)
Loan #	27782.1
Cash to take-over	\$24,243
VA appraisal	\$54,500 (owner will accept or sell conventional)

LISTING PROBLEM (Continued)

The property is located within the following school districts.

High School	Sewanhaka
Junior High School	Belmont Blvd.
Elementary School	Covert Avenue
Parochial	Our Lady of Victory

This charming rambler is in sought-after Hampton Woods on a beautifully wooded lot backing on parkland to provide the most privacy. Dining room fixture is to be replaced. Lower level bedrooms have many built-ins.

To locate this desirable property proceed south on Interstate 77. Proceed east on South Drive, crossing Hunting Road then proceeding west on East Street. At Kilborne, turn left and then turn left on Ashland Drive and proceed to sign #390.

Owners will occupy home until settlement. Their home phone number is 999-1234, and their business phone is 123-4467.

Possession is 30 days after contract.

Mrs. and Mrs. Tell agree to an exclusive authorization to sell listing for 120 days with a 120 protection period for the broker after the listing expires.

The home can be shown by appointment only.

COMPLETE THE RMLS DATA SHEET AND LISTING AGREEMENT FOR RESIDENTIAL MULTIPLE LISTING.

Attachment J
SOLUTION TO LISTING PROBLEM

ADDRESS: 122 Ashland Dr., Wheelburg, WV ZIP: 26000 \$54,500 MLS NO.: _____ LOT: 7 BLOCK: Sec. 2

SUBDIVISION: Hampton Woods COUNTY: Marion AREA CODE: _____

BASEMENT		1ST FLOOR		2ND FLOOR		EQUIPMENT		No	Yes	Constr. Fr-Comp-siding	
Size	Full	LR.	18.5x13.4	B.R.	--	Stove			x	Style	Rambler
O.S.E	Yes	22 D.R.	13.11x9.11			Refrig.			x	16 Age	10 years
Cr. Sp.	n/a	18 Kit	13.14x9.3			Dishwasher			x	Hs. Dms.	44.3x28.3
14 R.R	26.4x18.7	18 Esik	Yes			Disposal			x	Water	City
13 Bath	1/2	B.R.	13.9x10.4	13 Bath	--	Ex. Fan			x	Sewage	City
B.R.	14x8.6		10.10x10.4		3RD LEVEL	Ven Blds			x	Taxes	592.00
	12x11		9.9x9.6	B.R.		(some shades)			x	11 Poss.	Feb. 15
Heat	GHA	13 Bath	2 FCT			Air Cond.	x			Lot size	149.67x82.90
Hot Water	Gas	Ent. Way	Living	13 Bath	--	20 C.A.C.	2 yr.	x		21 Sq. Ft.	12,117
How Shown	Appt.		Room	17 Firepl.	Rec. Rm.	Washer			x	Porch	--
	only				Fence: Post-Rail	Dryer			x	12 Garage	Carport
						Storm Wind.	some	x			

1st Trust \$ 30,257 @ 7 1/2 % \$ 270.00 PITI mo. MTGEE Mid-State Corp.
 Known Assumption Terms \$25.00
 PLEASE () Existing 1st Trust is a FHA 203 () FHA 222 () GI () Conv. () Loan #
 2nd Trust & --- @ -- % MD Due -- Assumable? -- OWTBS No
 Cash to Assume 24,243 CRV \$ 54,500 OWV FHA \$ Conv. Yes
 High School Sewanhaka Jr. High Belmont Blvd. Why Selling Transfer
 Elem. School Covert Avenue Parochial Our Lady of Victory
 Remarks: Charming Rambler in sought after Hampton Woods. Built-ins in lower bedrooms. Beautifully wooded lot-backing parkland. Privacy. DR fixture to be replaced.
 Directions From: I-77 East on South Drive, crossing Hunting Road, then proceeding w. on East St. at Kilbourne turn left then turn left on Ashland Drive.
 Occupant: Donna & Will E. Tell
 Until _____ Phone 999-1234 Listing Code: 6% 50/50
 Owner: Same Phone Res. 999-1234 Bus.: 123-4467
 Address: 122 Ashland Dr., Wheelburg Realtor Bill & Co. - Realtors J. Bird
 (Above Memoranda for Broker's convenience only from sources believed reliable, but, NOT guaranteed) Phone: 836-6200

Address: 122 Ashland Dr., Wheelburg, WV F1 2 BR 5 BA 2 1/2 \$54,500 No. _____

UNIT XVIII: PROSPECTING FOR LISTINGS

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Organize his/her own prospect system, using the system provided or a modification of this;
2. Put into practice at least five creative prospecting techniques presented;
3. Carry out the steps involved in precall planning;
4. Complete the 80% accuracy the quiz, "Checkup: Prospecting for Listings;" and
5. Implement selected activities from the Application Commitment Plan for Unit XVII.

RECOMMENDED RESOURCES:

O'Donnell, Paul T., and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company, 1978. Chapter 1.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press, 1978. Chapters 4, 5 and 6.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices. 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 19, 20 and 21.

CONTENT OUTLINE

- I. Reviewing Unit XVII
- II. Organizing Yourself for Prospecting

TEACHING SUGGESTIONS AND REFERENCES

Follow up assigned activities for Unit XVII providing answers to the checkup quiz, discussing experiences with the Application Commitment Plan, and showing solution to the listing problem.

Refer to organizing yourself for listing in Unit XVII, stating that now we will consider organizing yourself specifically for prospecting.

A. Development of a prospect system

1. Your success in real estate will depend largely upon the number of buyers and sellers with whom you make a contact.

2. These contacts with prospects can be the result of people contacting you or you contacting people by:

a. Mail

b. Telephone

c. Person to person

3. These two ways of establishing contact with a prospect are direct and indirect.

Call for the difference in direct and indirect contacts.

a. Direct - salesman seeks out the prospect

Point out that although success depends on both approaches, the new sales agent must seek out new prospects.

b. Indirect - the prospect seeks out the salesman

Stress that only after an agent has built a solid reputation for himself/herself will more and more prospects seek him/her out.

Make it clear that an agent never may rely entirely on people seeking him/her out, for the real estate business is too competitive for such an ideal situation.

4. Benefits of an efficient prospect system are:

Attempt to develop these from the group.

- a. You can determine how many new prospects are coming into your "prospect warehouse" every month. Ask why it is important to have a continual flow of new "prospect blood," and follow with the question, "What is the advantage of knowing specifically how many new prospects are entering your system?"

- b. You can "tab" or "set up" your prospect for a follow-up when you judge to be just the right time.

- c. You can file him/her until the time designated for the next follow-up contact. Note that this frees your mind to go about other necessary business.

- d. Proper filing prevents lost prospect information.

B. The prospect system and how it functions

1. Elements include: Write these on board or show a transparency.
- a. Monthly entry journal
 - b. Current month follow-up sheet
 - c. Future month follow-up sheet
 - d. Alphabetical file
 - e. Old prospect follow-up sheet
2. Elements that can all be on sheets of paper of the same

design, but labeled at the top with the appropriate heading are:

- a. Monthly entry journal Show "Example of the Monthly Entry Journal."
 - b. Current month follow-up
 - c. Old prospect follow-up
 3. The prospect card or sheet is filed alphabetically for ready reference when needed.
 4. An example of the system in use follows. Distribute and go over "The Prospect System in Use: An Example."

Mention that the Application Commitment Plan for Unit XVIII will include setting up a prospect system.
- C. The best time for prospecting
1. Prospect by phone 9:30 to 11:30 A.M. daily.
 2. Use the heart of the day - the middle - for person-to-person contacts. Suggest that routine work be done during odd hours, saving the heart of the day.
- D. Scheduling priorities
1. Have a daily plan. Remind class of the time sheet that should be prepared the preceding day.
 2. Have a flexible plan, evaluating the plan and rescheduling as needed. State that the goal is organization with flexibility; that priorities more urgent or more important than those planned are bound to occur; that the unexpected is to be expected.

E. The Listing Area

1. Concentrate on an area - 800 to 1200 homes - and specialize in this. Find out if areas have been assigned to students; if not, ask them to try to select one before the next class meeting.
2. Become an expert on this area.
3. Use follow-up written notes. Show "Example of A Follow-Up Written Note"
4. Make random personal visits.
5. Use checklists and tickler files.
 - a. Initiate a file of your area.
 - b. Record information obtained from all person-to-person contacts and telephone calls. Ask what kind of information might be obtained.
 - (1) Sales
 - (2) Listings
 - (3) Prices
 - (4) Names and telephone numbers
 - (5) Remarks
 - (6) Unusual thingsCall for examples of these, such as neighborhood trends and events.
 - c. Keep records current.

III. Practicing Creative Prospecting

Obtain class interpretations of creativity.

A. Meaning of creativity

The ability to produce original and imaginative things or ideas or to combine or apply existing things or ideas in new or different ways.

B. Creative prospecting
and the previous buyer
- what to do after the
sale to build repeat
business

Explain that the techniques
listed are the things the
sales agent should do after
the sale to help insure that
the previous buyer will
return to him/her when he/she
is ready to sell.

1. Provide the buyer
with a folder for
his/her important
papers relating to
the sale.
2. Write him/her a
"thank you" letter.
3. Make a personal
call to the new
owner to see that
everything is
satisfactory.
4. Send or deliver a
permanent "thank
you" and reminder.
5. Follow up regularly
with personalized
holiday cards and
"anniversary of
your purchase"
letters.
6. Call back on these
people at least
every 6 or 12
months.

Cite plants, trees, and
engraved door knockers.

C. Use of the "sold" sign
for prospecting

Suggest using a sign of a
different color or size or
moving the sales sign slightly
before putting the "sold" tab
on it.

Point out that no one pays
more attention to the success
indicated by the "sold" sign
than the neighbor who also
wants to sell.

D. Prospects from word-of-mouth advertising

Stress to ask this question of people you see every day: "Do you know anyone who wants to buy or sell any real estate?"

Mention that creativity here is concerned with being constantly on the lookout for people who might know about prospects, for example, the mailman, Welcome Wagon Hostess, and children playing (who always know when their playmates are moving).

E. Creative use of owners' ads and signs

1. Make a timely approach

Make it clear that the wrong time is before the owner has had an opportunity to try to sell the property himself/herself; that he/she is then resistant to approaches from real estate personnel.

2. Prepare to approach the owner creatively and systematically.

a. Clip an owner's ad the day it appears.

Note that this frequently is Sunday.

b. Paste the ad in your notebook or on a clipboard sheet and date it.

c. Drive by the house, if possible, before calling on an owner's ad.

d. Be constantly on the lookout for "for sale by owner" signs.

- e. Do advance research on owners advertising their property by sign or ad. Mention that sources of information in doing this advance research will be discussed in relation to canvassing.
3. Learn how to handle the owner who wants to sell the property himself.
- a. At this stage of the game, don't try to talk him/her into not trying himself/herself unless he/she is "on the fence" about it.
 - b. Offer a service of some kind so that you will be first in line in case the property does not sell. Inquire of class members what kind of services they can offer.
 - (1) Appraisal
 - (2) Property management Give the example of renting the property in the event it does not sell.
 - (3) Contingency sale - an opportunity for another listing Point out that if the owners find a purchaser who wants to buy contingent on the sale of the purchaser's home, you can show them how it would be to the advantage of the purchaser to list with a Realtor - your firm.
 - (4) Placement of the house on a salesman's tour Suggest explaining that the owner may be told of the value of a preview by the firm's sales staff; that the sales people may have a client ready to buy the property in case the owner is unable to sell it.

(5) Exclusive
agency
agreement

State that you could offer this service, which gives the firm the exclusive brokerage rights to sell, but does not exclude the sellers from trying themselves; however, it is not recommended that the listing be taken unless offered for sale at the same price the owners are asking for it.

4. Develop phrases to handle the owner who says, "I've got a friend in the business" or "I'm thinking of listing with another firm."

Give this example: "I'm sure they're a reputable firm to do business with, but let me ask you this. Since (your firm) has sold over 3,000 homes in the past 12 months, there must be some ideas we can give you that can be helpful in the sale of your property. It may be wise on your part to compare these ideas before you make a final decision. If this makes sense to you, let's make a comparison, and you be the judge. Are you free this evening at 7:00, or is 8:00 more convenient?"

F. How to take the "cold" out of cold canvassing

1. Do advance research on the people and property in your area, using:

- a. Cross-reference directory or City Directory

Show the City Directory and indicate the facts to be obtained from it.

- b. Up-to-date city directory for name, address, telephone number, number of persons occupying the house, occupations of the head of the house.

Demonstrate its use and write on board or transparency the information obtained.

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c. Older city directory - 5 years old Tell group if the same family has occupied the house for 3 to 5 years, there may be a good opportunity to obtain a listing.

d. Local tax rolls Ask what kind of information can be obtained.

(1) Who actually owns the property

(2) Size of the assessment

(3) Amount of tax

(4) General idea about property value

2. Analyze the information obtained and select the most likely prospects to contact. Point out how much valuable time is saved using this approach rather than knocking on every door.

3. Use "spot canvassing" as well as the telephone and door-to-door canvassing. Explain that this means spotting an owner on his/her lawn (Saturday morning for example) and starting a conversation with him/her.

Note that this is effective during the spring, summer, and fall when people are working in their yards.

4. Know what to say when you are canvassing. Cite this example: "Good afternoon, Mrs. Morrison. I'm John Salesman with House and Barnes Realtors. We have been active in this area, and I was admiring your attractive home. Have you folks considered the possibility of selling while the market is good?"

5. Ask if the owner knows anyone in the neighborhood who might be interested in selling. Distribute, read, or have role played "A Prospect Call" or consider taping and playing this script.
 6. Have something to leave with the owners. Mention brochures on selling homes and a list of services offered by your firm, calling for other examples.

Consider having class develop their own phrases to use while canvassing or prepare scripts similar to "A Prospect Call."
- G. Use of direct mail to obtain listings
1. Decide on the form to be used Show samples of various forms.
 - a. A generalized letter asking for a listing
 - b. A brochure about the firm
 - c. A two-part, self-addressed prepaid post card
 2. Follow up with a phone call. Illustrate as follows:
"Mr. Cameron, this is Sara Salesperson of Best Realtors. I wonder if you received the material I mailed to you last week? Is there anything we can do for you at this time?"
 3. Consider a total direct mail campaign:
 - a. A letter offering your services, followed by:
 - b. A brochure, followed by:

- c. A reprint of the article, "Want to Sell Your House in a Hurry?," followed by:
- d. Other appropriate material on succeeding days, followed by:
- e. A call, asking if it would be possible for the staff to inspect the property without obligation to the owner.

H. Listings through newspaper advertising

Bring out that the effectiveness of this source of listings is debatable within the real estate field; that, if used, these techniques should be employed.

- 1. Place the ads in the classified section as close as possible to columns listing property for sale of the type you wish to list.

- 2. Be as specific as possible in the wording of the ad, including such facts as:

Read examples of listing ads that contain specific facts or have students collect and bring these to class.

- a. Price
- b. Type of home and general description
- c. Section preferred

3. Use headlines that attract attention and copy that creates desire.

Supply examples of ads and have class members collect ads.

IV. Getting Prospects Every Day: Points to Ponder

- A. Need to work hard and smart every day at obtaining listing prospects

Remind group of the importance of time management in order to work smarter (not necessarily harder) and to achieve a balance in activities essential to success, such as prospecting.

- B. Need to give excellent service in order to obtain referrals as a source of prospects.

- C. Need to follow up on expired listings as a source of prospects.

Note that this is one source that may be neglected.

- D. Need to remember who is a qualified seller - one who needs to accomplish a sale.

State that there are three types of qualified sellers.

1. There is the seller who must sell.

2. There is the seller who wants to sell.

3. There is the seller who is willing to sell.

4. A successful agent must learn to deal with all three types, but first he/she must learn to distinguish between them.

- E. Need to keep at the job of prospecting - like the "bird dogs"

Recall the practice of the home improvement "bird dogs" who never lay down the phone when working, but dial number after number despite one turndown after another.

F. Need to use creative telephone techniques.

V. Calling on Creative Telephone Techniques

A. Purpose of the telephone in the real estate business - to MAKE APPOINTMENTS.

Emphasize to keep the conversation brief, pressing for a personal interview since nothing beats face-to-face contact.

Point out that your task is to win the owner's confidence and arrange a face-to-face interview where you can properly counsel with him/her concerning his/her listing need.

B. Need to control the conversation

1. Know and ask the right questions.
2. Answer a question with a question, followed by:
 - a. Analyzing the owner's answer.
 - b. Agreeing with him/her.
 - c. Asking another question.

C. Need to use a prospect card to record the facts.

D. Need to obtain and use the owner's name.

E. How to qualify prospects and make appointments - the phone-power way.

1. Prepare through pre-call planning.

State that pre-call planning is a good way to save time in prospecting.

a. Establish criteria or questions for qualifying prospects.

- (1) Where the house is located
- (2) The size of the house
- (3) Whether or not the house has been on the market before
- (4) Where the prospect is planning to move and when
- (5) The selling motive

Ask why the selling motive is important, bringing out that this can indicate how urgently the owner wants to sell and can affect the selling price and the willingness of the prospect to cooperate in the sale.

b. Develop a list of prospects, using sources of listings.

c. Prepare an opening statement.

Give examples of effective opening statements.

- (1) Identification of yourself and your firm.

(2) Establish-
ment of
rapport to
reduce any
negative
reaction
to your
call.

(3) Use of an
interest-
creating
comment,
focusing
the pros-
pect's
attention
on listing
with your
firm.

d. Plan a
stimulating
sales message.

Explain that this message
contains your primary selling
points.

e. Prepare your
request for an
appointment.

(1) The lead-
in - how
the pros-
pect can
benefit
from making
an appoint-
ment with
you.

Call for examples of benefits.

(2) Actual
question
asking
for the
appoint-
ment - a
choice.

Give this example: "Would
10:00 Wednesday morning or
3:00 Friday afternoon be
better for you?"

Ask what is the advantage of
the choice method (as used
also in previous examples).

2. Put your pre-call
plan into action.

Consider using recorded
conversations as examples.

- a. Identify yourself and your firm.
- b. Establish rapport with the prospect.
- c. Make the interest-creating comment.
- d. Ask your fact-finding questions to help you qualify the prospect.
- e. Deliver your sales message.
- f. Ask for an appointment.
- g. Overcome any objections to making the appointment.
- h. Confirm the appointment.
- i. Express your thanks.

Ask for common objectives and ways to handle these.

Call for an example of a phrase that illustrates confirming the appointment.

VI. Summarizing and Applying Unit XVIII

- A. Check-Up: Prospecting for Listings
- B. Application Commitment Plan: Prospecting for Listings

Allow time at the end of this unit or the beginning of the next unit or assign between sessions.

Have class complete and sign this.

VII. Supplemental Materials

Attachment A

Examples of Monthly Entry Journal

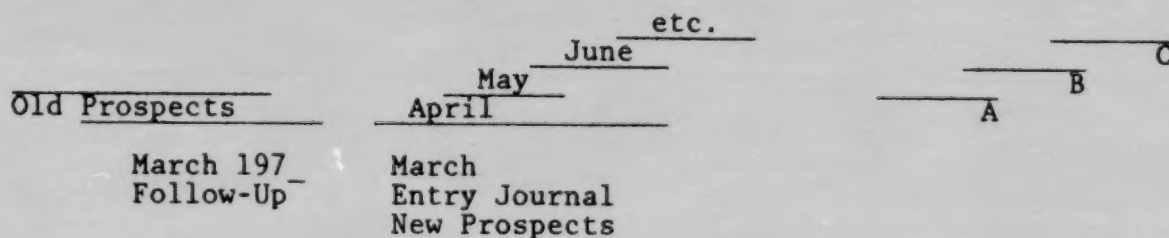
217

Attachment B	The Prospect System in Use: An Example
Attachment C	Example of a Follow-Up Note
Attachment D	A Prospect Call
Attachment E	Checkup: Prospecting for Listings
Attachment F	Answers to Checkup
Attachment G	Application Commitment Plan

THE PROSPECT SYSTEM IN USE: AN EXAMPLE

- Step 1. Enter his name in the Monthly Entry Journal.
- Step 2. Enter his name in the future month follow-up sheet, or three months hence, which would be June 197_ follow-up.
- Step 3. File his sheet or card alphabetically in the "S" section.
- Step 4. Make a neat horizontal line through his name on the Monthly Entry Journal. This indicates that he is logged in as a prospect obtained this month, but there is no current work that can be done with him. As the months progress, J. Smith's name will appear as a prospect to contact and work in June 197 .

It is suggested that a 3-ring binder (8 1/2" x 11") be used as the prospect book for your prospect system. It would appear as follows:



The Prospect Book (Continued)

As you open the prospect book, the following would appear on the sheets indicated:

- Sheet 1. Old prospects
- Sheet 2. March 197_ follow-up. (These are prospects who were contacted in previous months, but you judged that March was the month to make your follow-up.)
- Sheet 3. Current month entry journal or new prospects (This indicates the name of a new prospect you procured this month. If a line is drawn through the name, then you would have moved him to a future month for follow-up contact. If a line is not drawn through, it would indicate that you are to work with him this month.)
- Sheet 4. etc.
Future month follow-up pages (A prospect contacted who should be followed up in a future month would be entered in the appropriate future month - April, May, June, etc.)

Following the future month follow-up pages is located the A-Z group. This is where you store your information sheet pertinent to your prospect, to be available for ready reference as needed.

Attachment C

Example of A Follow-up Note

Dear Mr. Brown:

I would like to thank you for taking time from your busy schedule to share with me your knowledge of the real estate market in your neighborhood. Each day I am working to find desirable homes for the types of families that you would enjoy having for friends and neighbors; the task is not always easy, but kind and considerate people like yourself definitely make it possible for me to serve others more efficiently.

If in the future you should know of any families interested in selling or buying a home in your neighborhood, I would greatly appreciate it if you would give them my card which I have enclosed. I would be delighted to serve you or your friends in whatever way I can.

Most sincerely,

John Salesman
Associate

Attachment D

A PROSPECT CALL

Prospecting for Listings

Salesman: "Mrs Prospect? I'm Sam Jones, (name of real estate firm). We received three letters this week from people out of town who will be looking for homes in your area in the next 3 or 4 months. Can you think of anyone in your neighborhood who will be interested in selling their home if they can sell it at a good price? Have you heard of anyone being transferred?

How about yourself, Mrs. Prospect, will you be making a change within the next 12 months? Is this your permanent home, or is it possible that you'll be making a change sometime in the future?"

(If it appears that a change is likely in the local area, then qualify the prospect for needs, desires, financial ability, etc.)

(If you get an indication that they are interested in selling but not for 6 months to a year, treat as follows:)

Salesman: "Well, fine, Mrs. Prospect. Sometime in the near future when I'm in your neighborhood I'll drop off some information for you that will be helpful in selling your home. Thank you for giving me the opportunity to talk with you."

(If there is a strong response, indicating the prospect will be wanting to sell soon, treat as follows:)

Salesman: "Mrs. Prospect, the (name of firm) organization has had outstanding success in selling homes in (name of area). Last year we handled the sale of over 3,000 homes. Now, there are some very important reasons for this success. Let's sit down some evening and discuss some of the ideas we've used to sell all these homes. They should prove helpful in selling yours. Are you free tomorrow evening, or is Wednesday evening more convenient?"

(If you are unable to make an appointment, don't press too hard. After all, you still have their name, address, and phone number. Proceed as follows:)

Salesman:

"I understand, Mrs. Prospect. Sometime when I'm in your neighborhood I'll drop by and leave some information for you that could be helpful in the sale of your property."

(Another procedure would be this:)

Salesman:

"I understand, Mrs. Prospect. Sometime when I'm in the neighborhood, would you have any objection if I took a quick look at your house to preview it for my prospective buyers coming in next month? I can also leave some information for you that could be helpful in the sale of your property."

Attachment E

CHECKUP: PROSPECTING FOR LISTINGS

A. Organizing Yourself for Prospecting

Circle the letter of the one correct answer for each of the following:

1. The difference between the direct and indirect ways of establishing contact with a prospect is:
 - a. that in the indirect approach the salesperson seeks out the prospect, but in the direct method the prospect seeks out the salesperson.
 - b. that in the indirect approach someone other than the salesperson seeks out the prospect; when the salesperson contacts the prospect, this is known as the direct approach.
 - c. that in the direct approach the sales person seeks out the prospect, while in the indirect approach the prospect contacts the salesperson.
 - d. that the telephone is utilized in the indirect approach, while face-to-face contacts are essential to the direct approach.
2. Which one of the following is not a benefit of an efficient prospect system?
 - a. You can determine how many new prospects are coming into your "prospect warehouse" every month.
 - b. You need no other systems to be successful in listings.
 - c. You can "tab" or "set up" your prospect for a follow-up at the right time.
 - d. You can file the prospect's card until the designated follow-up time.
3. Which one of the following is an element in the prospect system presented?
 - a. Daily entry journal
 - b. Preceding month follow-up sheet
 - c. File of prospects according to buying motive

- d. Old prospect follow-up sheet
- 4. The best time of the day for prospecting by phone is:
 - a. 9:30 - 11:30 a.m.
 - b. 7:00 - 9:00 a.m.
 - c. The heart of the day
 - d. 3:00 - 5:00 p.m.

B. Practicing Creative Prospecting

For each of the following, indicate that it is true (T) or false (F) in the space provided.

- 5. ____ According to the meaning of creativity presented in class, real estate personnel can be as creative as artists, writers, and designers.
- 6. ____ The purpose of all the techniques suggested for building repeat business with previous buyers is to provide constant reminders of the agent's availability and willingness to serve these purchasers when they are ready to sell.
- 7. ____ "Sold" signs can be used for prospecting by placing them so that they can be easily seen, making neighbors and other prospects aware of the success indicated by the sign.
- 8. ____ It is unrealistic to expect people other than real estate personnel, purchasers, and sellers to provide prospects through word-of-mouth advertising.
- 9. ____ It is important to approach an owner trying to sell his/her own property before he/she has an opportunity to sell it himself/herself.
- 10. ____ The key to handling the owner who wants to sell the property himself/herself to offer some type of service so that you as the sales agent will be first in line in case the property does not sell.
- 11. ____ "Spot canvassing" refers to selecting as prospects only a few of the best prospects or "spots" in the neighborhood in which you are concentrating.
- 12. ____ Only up-to-date city directories should be used in doing advance research on the people and property in your area of concentration.
- 13. ____ Direct mail is such an effective medium in obtaining prospects that no follow-up is required.

14. ____ In using newspaper advertising as a way of prospecting, you should place the ads in the classified section as close as possible to columns listing property for sale of the type you wish to list.
15. ____ Only the seller who wants to sell is truly a qualified seller.

C. Calling on Creative Telephone Techniques

Complete the following statements.

16. The purpose of the telephone in the real estate business is:
17. The get ready stage of qualifying prospects and making appointments the phone-power way is called:
18. Facts obtained during telephone conversations with prospects should be recorded on a:
19. An example of a question for qualifying prospects is:
20. An interest-creating comment should be used in your opening statement on the telephone in order to focus the prospect's attention on:

Attachment F
Answers to Checkup

Unit XVIII

- A. 1. c. 3. d.
2. b. 4. a.
- B. 5. True 11. False
6. True 12. False
7. True 13. False
8. False 14. True
9. False 15. False
10. True
- C. 16. to make appointments.
17. pre-call planning.
18. prospect card.
19. Where is the house located? Size of the house? Has the house been on the market before? Where are you planning to move and when? Selling motive?
20. listing with your firm.

Attachment G

APPLICATION COMMITMENT PLAN: PROSPECTINGS FOR LISTINGS

I agree to carry out the following activities, designed to apply principles presented in Session II.

Check Activities to
be Carried Out:

- _____ 1. Organize a prospect system that meets my own needs and work style, using elements and procedures such as those presented in class.
- _____ 2. Put into practice at least five creative prospecting techniques relating to two or more of the following:
 - a. Building repeat business with the previous buyer
 - b. Using "sold" signs for prospecting
 - c. Obtaining prospects from word-of-mouth advertising
 - d. Using owners' ads and signs
 - e. Handling the buyer who wants to sell the property himself/herself
 - f. Taking the "cold" out of cold canvassing
 - g. Using direct mail to obtain listings
 - h. Obtaining listings through newspaper advertising (List on the Application Record the five techniques used.)
- _____ 3. Complete the steps involved in pre-call planning:
 - a. Establish criteria or questions for qualifying prospects.
 - b. Develop a list of prospects.
 - c. Prepare an opening statement.
 - d. Plan a stimulating sales message.
 - e. Prepare a request for an appointment.

Signed _____

Application Record

(Keep in Notebook)

UNIT XIX: OBTAINING LISTS

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Be aware of the steps involved in the listing process;
2. Obtain information about a specific property in terms of the nine factors required for a thorough pre-approach to the listing presentation;
3. Inspect a property and its neighborhood, following guidelines provided;
4. Organize into a special folder to present to owners of a specific property the following items: an introductory page, description of the property, competitive market survey or computer print-out, and a summary of findings with marketing recommendations;
5. Prepare a listing presentation that includes all the factors recommended in the teaching plan;
6. Follow up after a listing agreement, using a listing checklist;
7. Respond accurately to 80% of the items included in the checkup quiz for Lesson 19; and
8. Implement selected activities from the Application Commitment Plan for Lesson 19.

RECOMMENDED RESOURCES:

- O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company, 1978. Chapters 1, 2, 3, 4 and 5, and Appendix C.
- Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press, 1978. Chapters 5 and 6.
- Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 19 and 20.

CONTENT OUTLINE

TEACHING SUGGESTIONS AND REFERENCES

- | | |
|--|--|
| I. Reviewing Lesson 18 | Have a follow-up discussion of experiences in implementing the Application Commitment Plan for Lesson 18. |
| II. Stepping Up the Listing Ladder | Show the visual, "Stepping Up the Listing Ladder," explaining that the professional approach to listings is based on 5 steps, each providing a solid foundation for the others in obtaining saleable listings. |
| A. Prospect for listings every day. | State that having already "stepped" on the prospecting level of our listing ladder, we now are ready to climb higher to the other levels of the listing process. |
| B. Prepare before every listing appointment - the pre-approach | Refer to this as the get ready and/or information step. |
| 1. Obtain information about the property. | |
| 2. Inspect the neighborhood and the property. | |
| 3. Prepare a competitive market survey. | |
| 4. Prepare a command presentation. | Compare to royal command performance. |
| C. Make a professional presentation. | |
| D. Obtain the listing and prepare the seller. | Mention that preparing the seller is part of following up after the agreement. |
| E. Market (promote and service) the listing. | Note that this is the subject Lesson 21 - "Marketing the Listing." |

III. Performing Successfully in the Pre-Approach

State that this is preparation for a listing appointment obtained through your prospecting efforts.

A. Try for an evening appointment to:

1. Allow time for gathering facts and making an inspection trip to the property.

Point out that class members must allow time in their schedules for thorough planning of listing presentations.

2. Contact the sellers when they are in a relaxed frame of mind after the evening meal.

3. Get husband and wife together to hear your presentation.

Ask why this is important, stressing the need for mutual consent of all parties involved and agreement on price, terms, occupancy, etc.

B. Obtain essential information about the property.

Distribute "Information About the Property: Pre-Approach to the Listing Presentation," to go over all facts needed, and assign group to select one property and obtain this information about it.

C. Inspect the neighborhood and the property

Note that we will return to this procedure shortly.

D. Prepare a competitive market survey, using broker's file of comparables and/or:

Show a local example of a competitive market survey and go over the information included.

1. Multiple listing bulletins or records showing sales and listings through its service.

2. Summary books from certain publishing firms, identifying real estate activity for major market areas.

Show a sample.

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3. Lending institutions whose records contain FHA, VA, and conventional appraisals.
4. Title and escrow companies with records of title transfers.
5. County Recorder's Office or Tax Assessor's Office where chain of title is maintained and values established.
6. Your own inspection of current properties for sale, sold, and expired from listing records of your office and other area brokers.

E. Prepare your presentation and put it together in a special folder, containing:

1. An introductory page
2. A complete description of the property.
3. Competitive market survey or computer comparables survey.
4. A summary of your findings with your marketing recommendations.

Tell group that we will return later to a discussion of how to prepare the presentation.

For example, use: "Prepared for Mr. and Mrs. John Q. Homeowner of 1310 Cambridge Road by Albert Agent, Best Realtors."

Bring out that this should include the information points previously presented.

Have class prepare these items concerning a specific property and organize them in a special folder.

IV. Inspecting the Neighborhood and the Property

- A. Drive around each of the blocks adjacent to the property, looking for:
1. The condition of the neighborhood as to maintenance, pride of ownership, and general appearance. Ask students for factors to inspect in the neighborhood.
2. Any new subdivisions in the immediate vicinity - prices, values, and terms. Ask why look for these, bringing out that they affect the resale market in the area. Explain that new homes are competition for used homes, and the sellers of property should be aware of this.
3. The effects of any adverse influences on property values. Cite freeway construction, deteriorated properties, large number of "for sale" signs, vacancy factors, and misused parcels.
4. The exterior appearance and condition of the properties listed on the competitive market survey form. State to notice relative differences in houses still on the market that are competing for the same type buyer your prospective seller may require.
5. New "for sale" signs. Point out if other brokers have obtained new listings in the area, you will want addresses and phone numbers to call for further information when back at the office.
- B. Be aware of the depreciation factors in inspecting both the neighborhood and the property.
1. Physical deterioration. Call for examples, such as termite damage, decay, and paint erosion.

2. Functional obsolescence - out-of-date in design or use.

Ask what this means, noting that design and use of a property often limits its desirability as current tastes change.

3. Economic obsolescence - the result of external factors affecting values adversely.

Mention deteriorating neighborhoods and changes in zoning and traffic patterns.

C. Inspect the property.

1. Inspection prior to the listing presentation

Recommend doing this during the day before an evening appointment; if this is not possible, do it before sitting down with the sellers to talk about the sale of their property.

- a. To investigate the facts without the pressure of reaching immediate conclusions.

Develop reasons for class.

- b. To avoid giving the owners an opinion that could be wrong or misunderstood as a result of forming a rapid opinion.

- c. To provide time for professional preparation and presentation.

2. Need to get "people facts" as well as property facts.

Suggest having the owner assist you as you go through the house measuring rooms and to use the opportunity to ask the right questions.

- a. To determine how long the owners have lived in the house.

Ask for examples of "people facts."

- b. To find out if the house has been on the market before.
- c. To learn if the house has been appraised.
- d. To determine if the owner ever tried to sell the house himself/herself.
- e. To find out how much the sellers will need for any new home they may be buying.

Stress that we must discover what the owners know before recommending a marketing plan to them.

3. Value of walking the house twice.

- a. To gather the first time through the basic facts needed for the listing agreement and property description.
- b. To consider the second time through these questions:
 - (1) What are the benefits of this property?
 - (2) What are drawbacks or disadvantages?

Mention square footage, room size, personal property included.

(3) What must be emphasized to help sell it?

(4) What must we overcome to help sell it?

(5) What kind of prospect is likely to be interested in this property?

- | | | |
|----|---|---|
| 4. | Importance of neither running down the property nor becoming overly enthusiastic while making the inspection. | Ask why. |
| 5. | Need to obtain during the inspection visit the documents pertaining to the property. | Call for examples, such as the deed, payment books for mortgages, policy of title insurance, fire insurance policies, real estate tax statements, etc. |
| 6. | Importance of avoiding any discussion of selling price during the inspection. | Tell group to explain to the owner that you want to assemble the facts in order to conduct an intelligent discussion of a listing price when you return this evening. |
| 7. | Objectives of an inspection visit: | See if class members can contribute these. |
| | a. To learn as much as possible about the property. | |
| | b. To impress the owner with your interest, knowledge, and enthusiasm. | |

- c. To learn what you can about the sellers - "people facts."

- 8. Collection of measurement facts and figures during the inspection.

Distribute "Measurement Facts and Figures During the Inspection" and go over each step.

V. Preparing a Command Presentation: Professionalism Through Preparation

- A. Prepare each part of the total presentation.

State that how to present each part will be shown later.

- 1. Introduction - setting the stage
- 2. Discussion of the seller's side of the market.
- 3. Discussion of the buyer's side of the market.
- 4. Discussion of financing.
- 5. Services provided by your real estate firm.
- 6. Why your firm can do the best job for the seller.
- 7. Importance of establishing the proper listing price.
- 8. How fair market value is determined.
- 9. Negotiation of a listing price with the owner.

10. The closing of the listing agreement.

B. Prepare for an enthusiastic presentation.

1. Enthusiasm as a genuine interest in others.

Explain that enthusiasm has been defined as genuine interest in others; that if this is lacking in the presentation, the negative feeling surely will be conveyed to the owners.

2. Enthusiasm as optimism about your own activities.

Emphasize that you cannot help someone else make a decision if you are confused, uncertain, pessimistic, and lack confidence.

3. Enthusiasm as mental lubrication for the spirit.

Point out that without enthusiasm nothing meaningful is ever accomplished.

Quote General Douglas MacArthur: "Old age merely wrinkles the skin, while loss of enthusiasm wrinkles the soul."

C. Plan for a showmanship presentation: a listing kit for visual evidence and dramatization.

State that the professional real estate salesperson uses a listing kit that contains visual exhibits such as those listed.

1. Picture of your real estate office.

2. Picture of yourself and the rest of your staff.

3. List of your company's services to owners.

4. Copies of recent advertising.

5. Copies of publicity stories.

6. Testimonial letters from influential people who have used your services.
 7. A list of properties you or the company have recently sold in the neighborhood.
 8. Identification of your affiliation with local and national organizations. Mention national referral groups who specialize in transferees.
 9. A checklist of the things you can do for owners that they cannot do for themselves.
 10. A copy of any certificates you have been awarded. Cite "Graduate of Realtors Institute." (See Brochure)
- Show a sample listing kit and explain that such a kit should be tailored to the flexible needs of each salesperson and organized to present his/her services in ways that fit his/her own selling techniques.
- D. Incorporate into the presentation selections from approaches that secure listings. Distribute "Approaches That Secure Listings," directing group to choose from these the ones that are appropriate for particular sellers and situations.

VI. Making the Presentation

- A. Have an interesting, stage-setting introduction.
 1. A setting less formal than living room for presentation. Suggest using the kitchen or dining room tables as most living rooms are too cold and formal.

2. Need to sit opposite sellers - never between them.

Explain that this helps to maintain visual control and enables the presenter to use his/her eyes, voice, and gestures to present his/her story.

3. No price discussion at this point.

Cite: "Mr. Homeowner, I prefer to discuss the value of your property. Then we can view the subject of a listing price in its best perspective."

4. Introductory remarks.

Recommend statements such as the following, pointing out that these provide an overview of what will be covered and objectives, as well as obtaining agreement through the use of a positive question at the end.

"Mr. and Mrs. Homeowner, before discussing with you the price at which your property should sell and the services that Best Realtors can provide that will help the sale of your property, let's talk for a moment about some other important items which will have a bearing on the saleability of your property. I am going to discuss some of the characteristics of the buyers and sellers who make up the local real estate market, the importance that financing plays in the purchase and sale of a property, and how by having a better understanding of these three elements (buyers, sellers, and financing), you can skillfully market your property in order to achieve the best price in a reasonable period of time. Am I right in saying, Mr. and Mrs. Homeowner, that this is what you want to do?"

B. Discuss the seller's side of the market.

Present the following sample discussion:

"First, let's discuss sellers of properties, or more appropriately, the properties they have for sale. It's important that you as a seller understand that when your home is placed for sale in the market place that it will be in competition with many other new and used homes of your same price range. The purchaser who chooses your property will likely have seen many other homes before he/she makes his/her selection. Therefore, your home will be selected in comparison with what other sellers are offering in terms of price, location, condition, style, and financing available. Because buyers do select by comparison, just as they do when they purchase an automobile or refrigerator, it becomes important for the seller to find the best way to market his/her property competitively. If there is a better way of meeting your competition, Mr. and Mrs. Homeowner, I'm sure you'll want to know about it. Isn't that right, Mr. Homeowner? In a few minutes I will show you how."

C. Discuss the buyer's side of the market.

Consider before giving the suggested commentary, having individual class members contribute what should be included in discussing the buyer's side of the market - a list of factors.

"There are two requirements, Mr. and Mrs. Homeowner, that are necessary before a person can become a prospective purchaser for any kind of commodity, whether it be

furniture, an automobile, a
mink coat, or a house.
First, he/she must have a
need and/or desire. Second,
he/she must have the financial
ability, whether it be in
terms of cash or the capacity
to finance his/her purchase.
That sounds logical, doesn't
it, Mr. and Mrs. Homeowner?
Fortunately, for the housing
industry, and particularly in
the sale of a used home such
as yours, there are several
ways in which you can offer
your property for sale from
the standpoint of types of
financing. In other words,
the more methods or ways in
which your house can be
purchased financially, the
more buyers to whom it can be
exposed. It should follow,
then, that the more buyers to
whom we can give it exposure,
the better the price and the
quicker the sale - the law of
supply and demand."

- D. Present how financing enters the picture.
- E. Cover services provided by your real estate firm.
- F. Emphasize why your firm can do the best job for the seller.

Distribute and review with group "How Financing Enters the Picture."

Hand out "Sample Services of a Real Estate Firm," calling for any additional or different services offered by students' firms.

Provide copies of "Why We Can Do the Best Job for You" and have students list other reasons related to their own firms (as indicated on the sheet).

Distribute "Fact/Benefit Analysis: Dealing with a Realtor," making certain that class members understand the difference between a fact and a benefit and can translate at least one fact about their firm into a customer benefit.

- | | |
|---|---|
| G. Discuss the importance of establishing the proper listing price. | Hand out and go over "Establishing the Proper Listing Price." |
| H. Explain how fair market value is determined. | Provide copies of "How Fair Market Value is Determined" and review with class. |
| I. Negotiate a listing price with the owner. | Distribute and allow time for students to read "Negotiating a Listing Price with the Homeowner," followed by a discussion of points presented. |
| J. Close on the listing agreement. | |
| 1. Importance of assuming the close and avoiding asking if the owners desire to list or not list. | State that the close can be assumed if all points have been covered and agreement on these points has been reached, including listing price. |
| 2. Writing the contract. | Recommend at this point taking out a listing contract and beginning to fill it in. |
| a. Date of expiration - at least 4 to 6 months hence. | Ask why, bringing out that a six-month listing contract is necessary to protect the agent (about 3 months to sell the average home plus about 3 months if government-insured financing is involved). |
| b. Need to explain the fine print. | |
| 3. Getting the contract signed. | Tell group that when the contract is filled out to hand it to the seller, give him/her your pen and point with your finger to the line where you want him to write his/her name (husband's name on the top line). |

VII. Following Up After the Agreement

- | | |
|---|---|
| A. Prepare the sellers for the selling process. | Stress that they must be told what to expect and how to assist you. |
|---|---|

1. The repairs and improvements needed to assure saleability.
2. Explanation of the things that will happen next.
 - a. Tours of the property by sales people.
 - b. "For sale" sign.
 - c. "Choose Your Neighbor" cards and other direct mail programs.
 - d. Your need for keys to the property and how they will be used.
3. The Sellers' assistance in properly exposing the property. See "Helpful Hints in Selling Your Home" and "Showmanship Helps Your Home Sell Faster" in Lesson No. XXV.
4. Other explanations and understandings.
 - a. Arrangements for loan appraisals.
 - b. Your firm's advertising policy.
 - c. Questions to ask yourself.
 - (1) Have you asked about assessments and liens?
 - (2) Have you covered the matter of

possession
clearly,
even if
their new
home is not
ready when
a sale is
produced?

(4) Do you have
a list of
the personal
property
items they
are willing
to include
or sell with
the property?

(5) Have you
discussed the
possibility
of the seller
carrying part
of the
purchase
price in
secondary
financing
instruments.

B. Use a listing
checklist.

Distribute and go over "A
Listing Checklist," directing
group to use this to make
certain they have touched all
bases in following up after a
listing agreement.

C. Express appreciation
for the client's
confidence in you.

Suggest a letter in addition
to a verbal expression of
appreciation.

D. Take your leave -
smartly and smoothly.

VIII. Summarizing and Applying Lesson 19

A. Checkup: Obtaining
Listings

Provide class time at the end
of this unit or at the beginning
of the next unit or assign
between sessions.

B. Application Commitment
Plan: Obtaining
Listings

Have group complete this and
be prepared to tell about any
application experiences
occurring between Lessons 19
and 20.

IX. Supplemental Materials

Attachment A

Stepping Up the Listing
Ladder

Attachment B

Information About the Property:
Pre-approach to the Listing
Presentation

Attachment C

Measurement Facts and Figures
During the Inspection

Attachment D

Approaches that Secure
Listings

Attachment E

How Financing Enters the
Picture

Attachment F

Sample Services of a Real
Estate Firm

Attachment G

Why We can do the Best Job
for You

Attachment H

Fact/Benefit Analysis:
Dealing with a Realtor

Attachment I

Establishing the Proper
Listing Price

Attachment J

How Fair Market Value is
Determined

Attachment K

Negotiating a Listing Price
with the Owner

Attachment L

A Listing Checklist

Attachment M

Checkup: Obtaining Listings

Attachment N

Answers to Checkup

Attachment O

Application Commitment Plan

Attachment B

INFORMATION ABOUT THE PROPERTY: PRE-APPROACH TO THE LISTING PRESENTATION

1. Overview of Information Factors

- a. Age of the house
- b. Original price and/or purchase price
- c. Financial information
- d. Improvements
- e. Type house
- f. Why selling
- g. Neighborhood characteristics
- h. Price expected by seller

2. Age of the House

This information can be helpful in determining estimated depreciation of the house if the salesman is estimating the value of the property based on "cost approach" to value. It can also be useful in some areas when you know what the appreciation of properties has been for the particular area.

3. Original Price and/or Last Purchase Price

For the reason described above, if you know that the house cost \$25,000 three years ago, and you know the appreciation trends for a specific area, it is helpful in giving you an indication of its present value.

4. Financial Information: 1st Trust, 2nd Trust, Monthly Payments, Terms

This information becomes vital when determining how to suggest the property be marketed financially, specifically, whether it has to be refinanced or can be sold on assumption. It is also important to know if the 2nd Trust is assumable (some of them are not) and if there are any loan pay-off penalties.

5. Improvements

This becomes important in working out an evaluation of the property, particularly if you know what similar properties sell without an added improvement, such as a garage, porch, additional bath, etc.

6. Type House

Although this is obvious when you inspect the property, it is useful in obtaining information over the telephone. You may have a working knowledge of a subdivision as to prices or values in terms of the style of the house, such as a rambler, split-level, two-story colonial, etc.

7. Why Selling

This becomes one of the most important facts needed - what is the motivation? If the reason or motivation is weak, there may be a question as to why we should accept the listing. If the reason is weak, the price will be high; if the reason for selling is strong, the listing price will be more realistic.

8. Neighborhood Characteristics

This affects value. It is important to be aware of any changes in neighborhood trends or characteristics that can affect the value of the property, for example, the street in front of a house may have been changed from two lanes to four lanes. As a result, more traffic becomes a problem to people who have small children, and demand for the property decreases.

9. Price Expected by Seller

Determine this as soon as you think reasonable, but do not push for this information before you need it. It is bound to come sooner or later.

Attachment C

MEASUREMENT FACTS AND FIGURES DURING THE INSPECTION*

1. Begin by taping the exterior of the home to compute the square footage on a work sheet.
2. Sketch the outline of the home as you make your computations.
 - a. Start at one corner of the home, going in one direction completely around the property, and measure each side.
 - b. Place your figures on your graph paper.
3. When you have measured the exterior and all the indentations, complete the total footage by squaring the various sections of the house and deducting the porch and other indentations.
4. Look for any condition which might affect the value of the property while making the trip around the exterior.
5. Within the home, do the following:
 - a. Measure all major rooms (bedrooms, living room, and family room).
 - b. Inspect closets, cabinets, heaters, and service areas.
 - c. Carefully check bathrooms, noting condition and quality of plumbing fixtures.
 - d. Observe the condition of paint, trim, color, and neatness of the home as these might affect the average buyer.
 - e. Study the decor and furnishings of the home and their effect on marketability.
 - f. List the personal property items to be included by the owner in the price.
 - g. Study the floor plan and relate its acceptability to similarly priced properties in the area.
 - h. Note all items which will detract from value as well as those which will add to value.

*Stone, David, Training Manual for Real Estate Salesmen.
Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1965, pp. 57-58.

Attachment D

APPROACHES THAT SECURE LISTINGS*

1. The educational approach - need for specific information, such as:
 - a. Principles of real estate
 - b. Commission
 - c. The closing of a sale and closing costs
 - d. Points
2. The service-to-you approach - relieving the client of all cares and responsibilities with emphasis on a professional, trained, and qualified firm.
3. The broker cooperation approach - emphasis on volume selling.
4. The confidential approach - to be used when there is a reason for keeping the sale a secret.
5. The professional approach - pointing out that many buyers prefer to deal with a respected broker rather than with an unpredictable owner (tactfully, of course); emphasis on the fact that real estate never sells itself; but requires a professional salesman.
6. The speed approach - effective with an owner who needs a fast sale, such as one who has been transferred or who has purchased another house.
7. The negotiation approach - the real estate firm with a staff of expert negotiators - needed since most properties are sold under offer.
8. The honesty and reputation approach - emphasis on being Realtors, adhering to the professional standards and ethics of the national association, reputation established in the community.
9. The one-price approach - pointing out the situation with an open listing - sometimes two different prices, with and without commission; emphasizing the value of a one-price policy.
10. The advertising approach - ability of the firm to write ads that bring calls and showings and to obtain a number of prospects through regular advertising.
11. The market approach - if the seller thinks the market is good, encourage him/her to take advantage of it and list now; if he/she thinks it is bad, tell him/her that he/she needs you now more than ever before.

*Kruger, Cliff, Scriptbook for Successful Real Estate Selling.
Waco, Texas: Success Motivation Institute, pp. 11-20.

12. The financing approach - professional help in arranging financing two selling jobs of the real estate sales person: (1) selling the property to the buyer and (2) selling the financing to the mortgage lender.
13. The market analysis approach - developing both mentally and verbally what the potential market is for the house at the present time.
14. The valuation approach - assistance that the salesman can provide in enabling the seller to establish a proper asking price for the property.
15. The legal approach - protection that the real estate firm can provide the owner in avoiding legal entanglements and technicalities surrounding the sale and transfer of property.
16. The cost approach - efforts of the firm to keep the owner's costs down to an absolute minimum, including saving time (time is money).
17. The your-agent approach - "We represent you;" listing agreement as an employment contract.
18. The expert salesmanship approach - emphasis on the fact that you are trained to sell...and sell quickly.
19. The backlog-of-buyers approach - a number of prospects available that the seller cannot develop in his/her own.
20. The special sales features approach - special features of your own office and staff - sales contests, window displays, program with business firms and transfer executives, for example.
21. The physical approach - features that have physical attraction - masterlisting book in the office, signs placed on the property, office location and design.
22. The exposure approach - real estate firm in the business of exposing the property to the public; efforts to find the right buyer through wide exposure.

Attachment E

HOW FINANCING ENTERS THE PICTURE

"Keeping in mind that the financial ability to buy is a requirement of a valid purchaser, let's see how much of the buyer's market we can reach by offering your property for sale through the various methods of financing. How many buyers do you want to expose your property to in your price range?

	PER 100 CONVENTIONAL	ASSUMPTION	FHA	VA	TOTAL
To \$20,000.	_____	_____	_____	_____	100
20,000.-25,000.	_____	_____	_____	_____	100
25,000.-30,000.	_____	_____	_____	_____	100
30,000.-35,000.	_____	_____	_____	_____	100
35,000.-40,000.	_____	_____	_____	_____	100

From these statistics, compiled from the sale of several thousand re-sale homes in the local metropolitan area on today's market, we can conclude that various methods of financing play an important role in how a seller should offer his/her homes for sale financially.

It would appear reasonable that the seller who limits the sale of his property to only one or two methods of financing handicaps himself/herself and is less competitive. For example, a seller offering to sell his/her property on conventional financing only in the \$25,000 to \$30,000 price range would reach only _____% of the market, which, of course, would limit the possibility of his/her sale.

When a seller offers his property for sale not only conventional financing or assumption, but also on FHA or VA terms, he exposes the property to a larger segment of the buying market. He/she reaches prospective buyers who ordinarily would not look at his/her home unless they know it could be purchased on FHA or VA financing.

Why is this true? Because FHA and VA purchasers can buy with less money down and, as a rule, longer terms. This is important for two reasons: (1) They have only a small amount of cash to work with. Some could not make the purchase even if they wanted to because of the limited funds to invest. (2) Some who do have the additional cash to invest still prefer to purchase with minimum down payments so that when they move they will have an attractive assumable loan.

We could conclude from this discussion that in order to expose your property to the greatest percentage of the buyer's market that it would make sense to have it available by conventional, assumption, FHA, and VA. Don't you agree that this sounds reasonable?

Points: I do want to bring up at this time one of the costs involved in selling your property with new financing being placed on it. This is an item called "points" or "discounts". (Discuss the current point quotation on conventional, FHA, and VA loans and the reason lenders find it necessary to charge points.)

Attachment F

SAMPLE SERVICES OF A REAL ESTATE FIRM

"Now, Mr. and Mrs. Homeowner, let's take step by step the services our firm can give you:

1. We compile all the important information pertaining to your property on a listing information sheet. It shows the number of rooms, sizes, equipment included, how the house can be purchased financially, and many other items. It is immediately duplicated and processed to all of our offices. In a day or so all of our salesmen will have detailed information concerning the property. It is possible that one of them may have, even now, a prospective buyer for your home.
2. We place a sign on your property with our telephone number. This is helpful, particularly for other brokers who see the sign and may have interested buyers. If they are reputable firms, we will be happy to cooperate on the sale with them.
3. MLS: In addition, your listing is processed through Multiple Listing Service. A photograph is taken of your house and along with detailed information is distributed to real estate salesmen in the area. It is possible that some of these sales representatives could have a prospective purchaser who would desire your property.
4. Tour: Your home will be inspected personally by our salesmen on our next scheduled tour. By seeing the house in person, they can better relate to their buying prospects the good features your property has to offer.
5. If you approve, we place a lock box on the property which holds a key to the house. This give us an opportunity to show the property when you are not home or out of town. It will give you additional exposure opportunities. We have found that houses with lock boxes sell faster. Many buyers prefer to inspect the property when the owner is not at home.
6. We will be screening the buying prospects financially to assure as best we can that they are financially qualified purchasers. Our sales people are trained to do this.
7. If an offer is made on the property, we will, of course, be representing you in the negotiation with the purchaser. We will advise you on the proper procedures in the event of counter-offers.

8. Should another cooperating broker obtain an offer on your property, we will be working with you to give you the necessary help and representation.
9. When the sales agreement has been accepted by both you and the purchaser, our processing department will handle all the details. We arrange for the processing of the appraisal, financing for the purchaser, and work with the settlement attorney on all the necessary legal work involved in the transfer of your property to the new purchaser. In effect, our job is not only to secure a buyer for you but to process the financial and legal details, leaving a worry-free transaction as far as you are concerned."

Attachment G

WHY WE CAN DO THE BEST JOB FOR YOU

1. "We have a proven record of selling homes. Last year we sold . We believe it will be to your advantage to sell through our organization and have the benefits of the experience we have gained in compiling this record sale of homes.
2. Our salesmen are professionally trained. We are one of the few firms which maintains an organized sales training program, both for new sales people coming with the firm and a continuous program throughout the year for the more experienced sales representatives. We work with only full-time sales personnel.
3. We have a continual flow of new buying prospects coming in to us every day:
 - a. Referrals from the thousands of people we've done business with in the past years;
 - b. Inquiries from our extensive advertising;
 - c. Referrals from our new home subdivision department;
 - d. Up-to-date offices situated in heavily traveled, prominent locations throughout the area.
4. Many buyers seek us out because we are so well-known and easy to find, but even more important, because of our reputation for highly ethical and professional services."

Other Reasons Related to Your Own Firm:

Attachment H

FACT/BENEFIT ANALYSIS: DEALING WITH A REALTOR

A fact refers to what your service is, has, or does or to a feature of the service itself. A benefit means what the service gives to or does for the customer. Benefits are what customers are interested in. Facts about the service must be translated into customer benefits for successful sales and listings. The following demonstrates the use of a fact/benefit analysis in relation to dealing with a realtor. Study this example and then see if you can translate services provided by your real estate firm - facts about these services - into customer benefits.

FACTS	BENEFITS
Real estate personnel have experiences in handling real transactions.	They are in a much better position to move a property at a fair price than is the average owner. They know the market and where the buyers may be found, while few owners do. They can handle all the complicated legal and financial aspects of the sale, relieving the owner of these cares and responsibilities.
Brokers cooperate in the sale of properties.	This greatly expands opportunities to sell your property, giving it wide exposure to the market.
A real estate firm has experiences in advertising properties for sale.	The firm can write ads that bring calls and showings. Personnel are available who can write copy that brings results.
The seller is the real estate firm's client.	The firm represents <u>you</u> in a professional manner in all dealings with prospective purchasers, keeping you informed of progress in the sale of the property.

The commission charged by the broker is small compared to the advantages of having the sale in the hands of an expert. In the long run it usually costs the owner more to act as his/her own agent than it would be to use the services of a Realtor.

The firm makes every effort to sell your property quickly and efficiently at minimum cost.

Attachment I

ESTABLISHING THE PROPER LISTING PRICE

"Mr. and Mrs. Homeowner, let's talk about the proper price that should be established for the sale of your property. Our experiences over the years indicate that your property should be priced as reasonably close to fair market value as possible. Why?...because:

1. This will bring about a sale within a reasonable period of time.
2. This is the price that intelligently informed purchasers will be willing to pay, based on seeing dozens of other competitive houses before they select yours.
3. If the property is priced too high, it can be on the market for a prolonged period of time. This lessens the real value of the property in the minds of both the prospective buyers and real estate people because they get the idea that there must be something wrong with the property if it has not sold in a reasonable period of time. Many buyers will ask the salesman how long the property has been on the market.
4. If priced too high, real estate sales personnel may have difficulty in even getting their prospective purchasers to come out on inspection of the property. Because sales people want to be efficient with their time and that of their buyers, they will gravitate toward those properties that are properly priced.
5. Today's prospective buyer usually is more informed regarding property values than the owners whose houses they inspect because they have seen 20 or more properties, as a rule, before they see yours and also are being fairly informed by the real estate agent as to fair market value.

Attachment J

HOW FAIR MARKET VALUE IS DETERMINED

There are several methods:

1. Reproduction cost, less depreciation, plus the value of the lot (cost approach);
2. Original cost plus appreciation of 2-3% per year (rule-of-thumb approach subject to local conditions); and
3. Market data approach or comparables.

Work out methods 1 and 2 to get indicators of value and have on hand, if possible, comparable sales and/or appraisals of similar properties in the neighborhood. Assuming you had this information, you would proceed as follows:

"Mr. and Mrs. Homeowner, the indicators I have as to fair market value of your property are as follows:

1. Cost approach - \$30,000
2. Original cost + appreciation - \$30,350
3. Market data:

Property A - \$29,500
Property B - \$30,200
Property C - \$21,000
Average - \$30,250

How do these indicators of fair market value compare with the price you had in mind?"

Attachment K

NEGOTIATING A LISTING PRICE WITH THE HOMEOWNER

1. If the seller is talking in terms of a listing price within 3-4% of your indicators, proceed to write up the listing.
2. If the seller is talking in terms of 5% and higher, attempt to bring him down to a realistic price comparable to the market or what buyers are paying for properties, using the following advantages:
 - a. More exposure if properly priced;
 - b. Quicker sale;
 - c. Avoidance of "shopworn" property resulting from being on the market too long and having to settle for a price lower than fair market value; and
 - d. Use of this argument: "The sooner the house is sold, the sooner you can get back to a life of privacy and set your firm plans for the future."
3. If the seller insists on too high a price - 10% range - and does not have a strong reason or motivation for selling, refuse the listing. If he/she has a strong reason for selling, take the listing and attempt to process an appraisal in order to adjust back to a more realistic price later.

Attachment L
A LISTING CHECKLIST*

Following-Up After the Listing Agreement

1. Lockbox and keys properly posted.
2. Information on contract double checked and submitted to office secretary.
3. Listing submitted to local MLS office within the allotted time period (if listed on a multiple listing service).
4. Tour inspection by the other sales people arranged.
5. "For sale" signs placed on the property.
6. Schedule of advertising prepared.
7. Appraisals for loans ordered or arranged.
8. Direct mail pieces, such as "Choose Your Neighbor" cards, sent out.
9. Weekly contacts with sellers scheduled to keep them informed.
10. All the other sales people in the office advised of the listing, including the merits of its value and saleability.
11. Picture of the property taken and inserted in office records or displayed on bulletin board.
12. Listing included in next issue of brochure program (if you have a brochure program).

*Stone, David, Training Manual for Real Estate Salesmen.
Englewood Cliffs, New Jersey: Prentice-Hall, Inc., p. 75.

Attachment M

CHECKUP: OBTAINING LISTINGS

A. Performing Successfully in the Pre-Approach

1. Five of the nine essential information factors to obtain about the property during the pre-approach phase are:
2. Three sources of information in preparing a competitive market survey are:
3. Your listing presentation should be prepared in a special folder. Four items that should be included in the folder are:

B. Inspecting the Neighborhood and the Property

4. Three factors to look for during an inspection of the neighborhood surrounding a prospective property to be listed are:
5. Inspection of the property should be completed prior to the listing presentation because:
6. Two examples of "people facts" to be obtained during the inspection are:
7. It is beneficial to "walk the house" twice during the inspection because:
 - a. The first time you can:
 - b. The second time you can:
8. Mark the following as true (T) or false (F) in the space provided:
 - ☐ a. During the inspection, the agent should show his/her enthusiasm for outstanding features of the property, but point out those areas that need improvement to make the house saleable.
 - ☐ b. Documents pertaining to the property should be obtained during the inspection visit.
 - ☐ c. One of the objectives of an inspection visit is to impress the owner with your interest, knowledge, and enthusiasm.
 - ☐ d. The agent should wait until after the inspection to note items that will detract from and those that will add to value or marketability.

C. Preparing a Command Presentation

9. In terms of preparing for the listing presentation, give your own interpretation of the following quotation from General Douglas MacArthur: "Old age merely wrinkles the skin, while loss of enthusiasm wrinkles the soul."
10. Three items that should be included in a listing kit are:
11. Select three of the approaches that secure listings and briefly explain each.

D. Making the Presentation

Circle the letter of the correct answer for each of the following:

12. During the introductory remarks of the presentation, the agent should:
 - a. discuss the seller's side of the market;
 - b. discuss the listing price;
 - c. provide an overview of what will be covered during the presentation;
 - d. present the importance of establishing the proper listing price.
13. The seller's side of the market is concerned with:
 - a. finding the best way of meeting competition from other sellers;
 - b. determining need and financial ability;
 - c. presenting how financing enters the picture;
 - d. negotiating a listing price with the owner.
14. In order to expose a property to the greatest possible percentage of the buyer's market, the sellers should:
 - a. select the method of financing they prefer;
 - b. avoid paying "points;"
 - c. specify conventional financing only;
 - d. make the property available by conventional, assumption, FHA, or VA financing.
15. In order to be thoroughly prepared to discuss services of his/her firm and to present reasons for listing with a realtor, the agent should:
 - a. obtain or prepare a list of his/her firm's services;
 - b. a., c., d.;
 - c. use a fact/benefit analysis;
 - d. be ready to explain why his/her firm can do the best job for the seller.

16. Which one of the following is not a method of determining fair market value?
- a. market data approach;
 - b. original cost plus appreciation approach;
 - c. competitive market survey approach (fact/benefit analysis);
 - d. cost approach (reproduction cost minus depreciation plus value of lot)
17. In negotiating a listing price with the homeowner, the agent should proceed to write up the contract if:
- a. the seller is talking in terms of a price within 10% of indicators and does not have a strong reason for selling;
 - b. the seller is talking in terms of a price within 3-4% of indicators;
 - c. the seller is talking in terms of a price 5% to 9% higher than indicators and is not in a hurry to sell;
 - d. The seller is taking in terms of a price 15% higher than indicators and has a strong reason for selling.
18. In closing on the listing agreement, the agent should:
- a. assume the close if all points have been covered and agreement has been reached;
 - b. ask if the owners desire to list or not list;
 - c. write the contract with an expiration date of three months.
 - d. avoid getting into the details of the fine print on the contract.

E. Following-Up After the Agreement

19. Name two things the agent should do to follow up after the listing agreement.
20. Give an example of one question to ask yourself as part of the follow-up after the listing agreement.

Attachment N

Answers to Checkup

Unit XIX

- A. 1. Any five of the following:
- a. Age of house
 - b. Original price and/or
 - c. Purchase price
 - d. Financial information
 - e. Improvements
 - f. Type house
 - g. Why selling
 - h. Neighborhood characteristics
 - i. Price expected by seller
2. Any three of the following:
- a. Broker's file of comparables
 - b. Multiple listing bulletins or records
 - c. Summary books from publishing firms - real estate activity for major market areas
 - d. Lending institutions
 - e. Title and escrow companies
 - f. County Recorder's Office
 - g. Tax Assessor's Office
 - h. Agent's own inspection of current properties for sale, sold, and expired from listing records of his/her office and other area brokers
3. a. Introductory page
- b. Complete description of the property
- c. Competitive market survey or computer comparables survey
- d. Summary of findings with marketing recommendations
- B. 4. Any three of the following:
- a. Neighborhood condition
 - b. New subdivisions
 - c. Effects of any adverse influences on property values
 - d. Exterior appearance and condition of the properties listed on the competitive market survey form
 - e. New "for sale" signs
 - f. Depreciation factors - physical deterioration, functional obsolescence, economic obsolescence
5. The agent can investigate the facts without the pressure or reaching immediate conclusions. He/she can avoid giving the owners an opinion that is wrong or could be misunderstood. The agent has time for professional preparation and presentation.

- B. 6. Any two of the following:
- a. How long the owners have lived in the house
 - b. If the house has been on the market before
 - c. If the house has been appraised
 - d. If the owner ever tried to sell the house himself/herself
 - e. How much the sellers will need for any new home they may be buying
7. a. gather the basic facts needed for the listing agreement and property description.
- b. consider certain questions focusing on property benefits, disadvantages, what should be emphasized to help sell the house, what must be overcome to help sell the house, what kind of prospect is likely to be interested.
8. a. False
- b. True
- c. True
- d. False
- C. 9. Without enthusiasm, it is difficult or impossible to prepare for and present an effective listing presentation. Enthusiasm is mental lubrication for the spirit, and it is demonstrated through a genuine interest in others and optimism about one's own activities.
10. Any three of the items listed - E.3. a.-j., page 65 of teaching plan
11. Any three of the approaches and explanations included on pages 76-77
- D. 12. c.
13. a.
14. d.
15. b.
16. c.
17. b.
18. a.
- E. 19. a. Prepare the sellers for the selling process.
- b. Use a listing checklist.
- c. Express appreciation for the client's confidence in him/her.
- d. Take his/her leave - smoothly and smartly.
20. Have you asked about assessments and liens?
- Have you covered the matter of possession clearly?

Can the property be shown at all reasonable hours?
Do you have a list of the personal property items they
are willing to include or sell with the property?
Have you discussed the possibility of the seller's carry-
ing part of the purchase price in secondary financing
instruments?

Attachment O

APPLICATION COMMITMENT PLAN: OBTAINING LISTINGS

I agree to carry out the following activities, designed to apply principles presented in Unit XIX.

Check Activities to
be Carried Out:

- _____ 1. Obtain information concerning at least one property in relation to the factors required for a thorough pre-approach to the listing presentation.
- _____ 2. Complete an inspection of a specific property and its neighborhood, looking for factors presented in class.
- _____ 3. Organize into a special folder to present to owners of a particular property these items: introductory page, property description, competitive market survey or computer print-out, and a summary of findings with marketing recommendations.
- _____ 4. Prepare a listing presentation that includes all the factors recommended in class.
- _____ 5. Follow up after a listing agreement, using a listing checklist.

Signed _____

Application Record

(Keep in Notebook)

UNIT XX: OBTAINING LISTINGS (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

Present a listing presentation that includes all the factors recommended in the teaching plan of Unit XIX.

RECOMMENDED RESOURCES:

O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company, 1978. Chapters 1, 2, 3, 4 and 5, and Appendix C.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press, 1978. Chapters 5 and 6.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 19 and 20.

CONTENT OUTLINE

- I. Students Prepare and Demonstrate Listing Presentations and Closes

TEACHING SUGGESTIONS AND REFERENCES

The instructor should plan that this entire lesson would be devoted to student presentations and critiques.

The suggested "scripts" contained in Unit XIX may be used to form the basis for the student presentations; however, the instructor should use his best judgment in determining whether students need to be supplied with the teaching material "canned" presentations, or whether students can be relied upon to develop their own presentations for purposes of demonstrations during this lesson.

The instructor must be alert to the possible overly harsh critiques and destructive criticism that might result from allowing too much latitude in student critiques of student presentations.

The instructor is encouraged to insure that as many students as possible have an opportunity to make presentations - even if the student presentations must be abridged so as to afford an opportunity for all to participate.

II. Application Commitment Plan

The instructor may suggest to the students that they apply the teaching points developed in this lesson to the reworking of their listing presentation.

A. Supplemental Materials

Supplemental materials for this lesson may be added at the discretion of the instructor. Appropriate supplemental materials would be copies of presentations used by the instructor or colleagues and associates of the instructor. If the instructor uses "canned" presentations or "planned" presentations, he or she may wish to share these presentations in whole or part with the students.

UNIT XXI: MARKETING THE LISTING

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to:

1. Recall the procedures involved in marketing and servicing listings;
2. Prepare a marketing plan for a particular property;
3. Respond with 80% accuracy to the check-up quiz items for Unit XXI; and
4. Implement selected activities included on the Unit XXI Application Commitment Plan.

RECOMMENDED RESOURCES:

O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company, 1978. Chapters 1, 2, 3, 4 and 5, and Appendix C.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press, 1978. Chapters 5 and 6.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati, Ohio: South-Western Publishing Co., 1979. Chapters 19 and 20.

CONTENT OUTLINE

TEACHING SUGGESTIONS AND REFERENCES

- | | |
|--|--|
| I. Reviewing Last Session | Discuss any student application experiences occurring between sessions and review content, using the prior session quiz. |
| II. Marketing and Servicing the Listing | State that an overview of marketing and servicing procedures will be presented to show what is involved. |
| A. Use a listing checklist to follow up immediately after the listing agreement. | Have group locate their copies of this checklist (lesson XIX material). |

B. Service the sign.

Note that the servicing associate should be responsible for erecting the "for sale" sign.

1. Characteristics

Call for these.

a. Neat, clean, straight

b. Placed in a provocative location

Give examples or ask for these.

c. Curiosity creating

Mention that one realtor has his associates stick their business cards out of the top of their signs, causing curiosity in that people stop and pick up the cards.

d. Rider indicating that the property is in multiple listing or an exclusive.

e. Other possible riders

Cite those describing the property such as "pool," "four bedrooms," "air conditioned," or "FHA financing."

2. Use of a different type of sign when the property is sold.

Point out that neighbors who have gotten used to seeing the "for sale" sign day after day need to be made aware of the change.

Tell group that the location of the sign can be changed, if not the type of sign.

C. Keep in close and constant contact with the seller.

Note that this aspect of marketing the listing is so important that it will be given special consideration shortly.

D. Promote the listing.

Explain that this procedure, as well as II. E. and F. will be discussed in detail.

- E. Analyze any selling problems and take action.
- F. Get the listing renewed when necessary.

III. Keeping in Close and Constant Contact with the Seller

- A. Telephone the seller at least once each week.

Recommend making notes to call the seller every week for the entire term of the listing as the agent cannot afford to leave this to memory.

- 1. Report the reactions of other sales people in your office to the owner.

- 2. Ask how many showings the home has from other cooperating real estate firms.

- 3. Pass along to the owner information about new listings of comparable homes in the area.

Mention that information about general sales activity is always appreciated by the seller.

- 4. Answer the many questions that arise in the minds of sellers during the term their homes are offered for sale.

State that a word or two from a patient, understanding real estate agent is usually enough to alleviate these concerns; as each of these problem questions is answered, the seller will become increasingly grateful for his/her decision to seek professional real estate assistance.

Stress that no matter what is discussed, the owner will feel reassured just hearing from you often, on a regular basis.

- B. Write a letter to the owner outlining the reasons for the slow sale when sales activity has been slow.
- C. Keep the seller informed about advertising and other promotional activity.
 - 1. Call to let the owner know you are running the ad.
 - 2. Call on activity generated from the ad.
 - 3. Mail a copy of the ad to the seller.
- D. Communicate with the owner concerning appointments for showings. Ask what should be done.
 - 1. Call for all appointments.
 - 2. Leave your card when showing the property, particularly if the owners are not at home.
 - 3. Call and thank sellers, giving the response of the prospects.
 - 4. Consider sending a notice of a showing. Show a sample.
- E. Remain loyal to the seller.
 - 1. Realize that sellers are the key to the real estate business. Emphasize that the agent accepts a responsibility on the owner's behalf when a listing is accepted.

and that agents seldom spend more profitable time than that invested with sellers.

2. Keep in mind that a professional never needs to resort to dishonesty or untruthfulness in order to render assistance to property owners. Point out that if you try to help owners see the truths about real estate selling, you will win their confidence and support.

F. Explain to the owners what happens when a contract is presented - their choices:

1. Accept the offer.
2. Reject the offer.
3. Propose a counter offer.

IV. Promoting the Listing

A. Write three advertisements as soon as you get an exclusive and put these ads away.

State that your enthusiasm is high when you first get an exclusive, and you see the wonderful potential in property.

Suggest that if a month or six weeks go by with the property unsold and you become discouraged, get out the ads and try to recapture some of that first burst of enthusiasm.

B. Determine who is a logical buyer for a specific property and find out where (in medium) the property should be exposed in order to reach this type of buyer.

Use a local property as an example and ask who is a logical buyer for this and, then, what media are likely to reach him.

C. Consider media such as:

1. The Classified advertising section of the newspaper - the market place of real estate. Point out that this is effective, necessary and expensive. Note that results can be pinpointed by keeping a tally of inquiries and sales.
2. Display advertising in the classified or other sections of the newspaper. Show an example and tell group that a well-placed ad, two columns wide by 2" or 3" in height is sufficient to contain a small picture of the property, as well as a copy equal to the amount normally used in a classified ad.
3. Publications aimed at the tourist or visitor.
4. Clean, fresh, well-placed "for sale" signs. Remind group not to forget signs as promotional media.
5. Printed picture listings. Explain that these take many forms but are generally printed with a listing in black and white and used for filing and maintaining listings.
 - a. For display in the windows of a real estate office.
 - b. For distribution to other offices, neighbors, and prospect mailing lists.
6. "Open house" for other real estate offices, as well as separate "open houses" for prospective purchasers.

7. The office brochure

Ask what the office brochure should contain.

- a. Sampling of typical listings or cross section of the types of properties the office handles.
- b. Reflection of the image of the firm.
- c. Something about the firm, its location and services.
- d. Picture of the office if it is attractive.
- e. Pictures of the principals in the firm.
- f. Description of the area if the brochure is being used extensively out of town.
- g. List of the organizations to which the firm belongs (within reason).
- h. Photographs of typical offerings.
- i. Format that can be easily mailed and colored stock with ink.
- j. Distribution as a professional mailing piece.

Note preference for brochure that folds to 3-5/8" X 8-1/2".

Ask to whom the brochure should be mailed.

- 2
- (1) In town - Stress that copies of the
chamber of brochure and listing should
commerce, be sent to the owners so
motels, they may see merchandising
quality in action.
restaurants
personnel
offices
of local
industries,
attorneys.
 - (2) Out-of-town -
personnel
offices of
incoming
firms,
inquiry lists
from chambers
of commerce,
all inquiries
from ads.

Point out that the brochure
should be mentioned in adver-
tising: "Call or write for
free picture brochure."

- 8. Institutional
advertising media
(selling the firm
as a place to do
business).
 - a. Radio and
television
 - b. Concert programs
 - c. Billboards
- 9. Copies of the
listing for distri-
bution to the
neighbors and
"choose your
neighbor" direct
mail pieces.
 - Caution to first obtain the
permission of the owner.
- 10. Home buyers
guides - publica-
tions designed
for the home
buyer.
 - Mention that these are pub-
lished privately or sponsored
by the Board of Realtors.

- D. Create any copy that brings results.

Provide your own guidelines for effective copy.

Have both good and bad real estate advertising examples on hand and ask students to select the effective ones, giving reasons for their choices in relation to the guidelines you have provided.

V. Analyzing Selling Problems and Taking Action

- A. Analyze slow sales activity in terms of the three factors that affect the sale of a home:

Call for the factors.

1. Location

Point out that this cannot be changed.

2. Condition

Ask what kinds of conditions can hinder the sale of a property.

3. Price

Underscore the problem of the owner who does not want to adjust his/her price to a realistic figure.

- B. Tell the sellers immediately if the problem rests with condition and/or price.

- C. Recommend steps that should be taken to correct the problem.

1. Review possible improvements with sellers to improve the sales outlook in terms of condition.

- a. Provide the names of at least two workmen or companies when repairs or improvements are needed.

Tell group to give the sellers a choice of workmen since giving only one name may imply that you are receiving a "kickback," or if the sellers are dissatisfied, you may be blamed.

- | | | |
|----|---|--|
| b. | Handle the problem of the messy housekeeper. | Ask class how to handle this; then, give your own favorite method. |
| | | Stress the need for an indirect approach to the problem, using tact and ingenuity. |
| 2. | Get the price reduced when the need is indicated. | State that after a property has been on the market a few weeks, you will have a more accurate idea as to the probable sales price than you had at the time of listing, for the other agents in your office and the staffs of cooperating offices will all have expressed their opinions. |
| a. | Determine the average sales price of the estimates of agents who inspect the home - tour average. | Direct class members to collect the business cards of agents from other cooperating offices, to call each person after a week or so, and to ask their opinion as to price. |
| | | Caution that this is not an appraisal, but point out that most homes sell within \$200, plus or minus, of the average price quoted by a group of cooperating agents. |
| B. | Relay the average price information immediately to the seller. | Emphasize that it is your moral duty to give all your current information, your conclusions about the probable sales price, to the owner; whether he/she adjusts his/her price to the new figure in his/her decision. |
| c. | Ask the seller what he is going to do about adjusting his/her price when the need is indicated. | Bring out that the seller set the price himself/herself, that this method of pricing puts "the shoe on the other foot" and is highly professional. |

d. Be certain to stress neighborhood competition and sales as these affect the need for adjustment in price.

e. Try to develop and maintain a separate file on each of your listings and keep a record of every:

Tell class to date each entry.

(1) Owner contract made.

(2) Remark and suggestion of sales agent.

(3) Appraisal opinion

(4) Everything that affects the listing.

Make it clear that such a detailed chronicle of facts is very persuasive when shown to a homeowner who does not want to adjust his/her price to a realistic figure.

VI. Renewing Listings:
Creating a Second Chance

Point out that realistically we recognize that not all of our properties are going to sell no matter how well we do our ground work.

A. Review the sales activity on a property as a listing approaches its expiration date.

State that this is necessary so that we may intelligently sit down with the owners and consider a renewal along with any recommendations.

Tell group to use this checklist of review questions.

1. Have there been any offers on the property?
 2. How many times has the property been advertised?
 3. Did the owner receive copies of all ads?
 4. Did the owner receive copies of all printed listings and brochures?
 5. Was any adjustment in price recommended?
 6. How many times has the property been shown?
 7. Were notices of showing properly sent?
 8. If the owners are out of town, was a letter or speed letter sent to them every week or ten days?
 9. Was there a pattern of objections to the property?
 10. Were recommendations to seller followed?
- B. Avoid the big mistake of rushing in at the last minute and asking for an extension or renewal of the listing.
- Explain that if there has been no activity in recent weeks and the owners have not even heard from us, we should not be surprised to receive a curt "no" and a few days later see our competitor's sign in the front yard.

- C. Increase activity and show even greater interest in the final weeks of the listing period.
- D. Consider future possibilities of a sale
- E. Review the owner's attitude during the listing period.
1. Have realistic offers been rejected without even an effort to counter offer?
 2. Have the owners been cooperative in showing the property or was it inconvenient on numerous occasions?
- F. Decide if an expired exclusive listing should be converted to a multiple listing.
- G. Follow up expired listings that are not renewed.
- State that our activity should increase in the final weeks; that we have invested much time and money in the listing, and an extra effort should be made to promote a sale; that if we do this, keeping good rapport with the seller, we should have no problem at renewal time.
- Note that an assessment should be made as to the future possibility of making a sale, for example: Has the owner's motivation changed?
- Point out that the owner's attitude is perhaps the greatest barometer in judging the feasibility of continuing with the listing.
- Ask why it is important to go to all the trouble of keeping in touch with the owner whose property does not sell and cannot be renewed.

Mention the possibility of the relisting - selling an expired listing after it has been relisted with another office.

1. Use a personal call and a follow-up letter to:
 - a. Bow out gracefully.
 - b. Express your appreciation and thanks for the opportunity of serving the owner.
 - c. Express your regrets, but avoid apologizing or being defensive.
2. Let the owner know you care by following up every 30 days for the first few months and 90 days thereafter.

VII. Summarizing and Applying This Lesson

- | | |
|---|--|
| A. Checkup: Marketing the Listing | Have students complete this in class and then discuss, providing answers. |
| B. Application Commitment Plan: Marketing the Listing | Explain that class members should conscientiously carry out selected activities. |
| C. Marketing Plan for a Particular Property | Distribute this assignment to students who agree to complete it as part of their application commitment plan and explain what is required. |

VIII. Summarizing Real Estate Listing Techniques

Use the guide sheet, "Summarizing Real Estate Listing Techniques," to review major concepts presented in Units XVII through XXI.

IX. Supplemental Materials

Attachment A

Checkup: Marketing the
Listing

Attachment B

Answers to Checkup

Attachment C

Application Commitment Plan

Attachment D

Marketing Plan for a Particular
Property

Attachment E

Summarizing Real Estate Listing
Techniques

Attachment A

CHECKUP: MARKETING THE LISTING

A. Marketing and Servicing the Listing

1. In order to follow up immediately after the listing agreement, an agent should use a:
2. Some change should be made in the "for sale" sign after a property is sold because:
3. In addition to the steps involved in following up immediately after the listing agreement and in servicing the sign, other procedures involved in marketing and servicing the listing include these four:

B. Keeping in Close and Constant Contact with the Seller

4. Three ways in which an agent can keep in close communication with the seller during the listing period are:

C. Promoting the Listing

5. It is recommended that you write three advertisements as soon as you get an exclusive and put these ads away because:
6. In promoting a listing, it is important to first determine who is a logical buyer for a specific property because:

D. Analyzing Selling Problems and Taking Action

7. The reason for slow sales activity should be analyzed in terms of these three factors:
8. One technique of getting the owner to reduce the price when the need is indicated may be described as follows:

E. Renewing Listings

9. Four examples of questions to ask in reviewing the sales activity on a listing about to expire are:
10. It is important to review the owner's attitude during the listing period because:

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Attachment B
Answers to Checkup

Unit XXI

- A. 1. Listing checklist.
- 2. Neighbors who have gotten used to seeing the "for sale" sign day after day need to be made aware of the change.
- 3. a. Keep in close and constant contact with the seller.
b. Promote the listing.
c. Analyze any selling problems and take action.
d. Get the listing renewed when necessary.
- B. 4. Any three of the following:
 - a. Telephone the seller at least once each week.
 - b. Write a letter to the owner outlining the reasons for the slow sale when sales activity has been slow.
 - c. Keep the seller informed about advertising and other promotional events.
 - d. Communicate with the owner concerning appointments for showings.
 - e. Remain loyal to the seller.
 - f. Explain to the owners what happens when a contract is presented.
- C. 5. If a month or six weeks go by with the property unsold and you become discouraged, you can get out the ads and try to recapture some of the first burst of enthusiasm.
- 6. The type of buyer will determine the medium or media in which the property should be exposed in order to reach this type of buyer.
- D. 7. a. Location
b. Condition
c. Price
- 8. a. Determine the average sales price of the estimates of agents who inspect the home - tour average.
b. Ask the seller what he/she is going to do about adjusting his/her price.
c. Stress neighborhood competition and sales as these affect the need for an adjustment in price.
d. Maintain a separate file on each listing, keeping a record of everything that affects the listing and showing this file to the owner who does not want to adjust his/her price to a realistic figure.

E. 9. Any four of the questions listed on page 170, VI. A., 1-10.

10. The owner's attitude is perhaps the greatest barometer in judging the feasibility of continuing with the listing.
(Record of acceptance or rejection of realistic offers and cooperation is particularly important.)

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Attachment C

APPLICATION COMMITMENT PLAN: MARKETING THE LISTING

I agree to carry out the following activities, designed to apply principles presented in Unit XXI.

Check Activities to
be Carried Out:

- _____ 1. Prepare a marketing plan for a particular property. (See following page.)
- _____ 2. Communicate with the seller of a particular property at least once a week during the listing period.
- _____ 3. Practice writing real estate advertisements, following guidelines presented for effective copy.
- _____ 4. Analyze any slow sales activity for specific properties and prepare recommendations with reasons for presentation to at least one owner.
- _____ 5. Develop and maintain a separate file on each of my listings, keeping a record of everything that affects this listing and dating each entry.
- _____ 6. Review the sales activity on at least one listing about to expire, using the review questions presented.
- _____ 7. Follow up at least one listing that is not renewed.

Signed _____

Application Record

(Keep in Notebook)

Attachment D

MARKETING PLAN FOR A PARTICULAR PROPERTY

Select one property and carry out the following steps in relating to this listing:

1. Prepare a description of the property, including exterior and interior features and selling price.
2. State any special plans concerning the "for sale" sign, for example, curiosity creating devices, special riders, change in the sign if the property is sold.
3. Prepare a schedule for contacting the sellers at least once each week for the period of the listing and indicate the topic(s) likely to be discussed each time an owner contact is planned.
4. Describe who is the logical buyer for this property.
5. List the advertising media likely to reach the logical buyer.
6. Check with your supervisor or broker and determine what media listed in 5 above are feasible in relation to the firm's advertising budget for this listing. List these media.
7. Write at least one newspaper advertisement for this property and have this evaluated by your supervisor or a coworker.
8. Prepare a schedule of advertising, indicating dates, type of advertising or promotional event, and medium (newspaper, brochure, etc.)
9. Analyze and list factors that may cause the property to sell slowly or that may prevent the listing from being sold at all.
10. Prepare a list of recommendations designed to overcome or alleviate the factors listed in 9 above.

Attachment E

SUMMARIZING REAL ESTATE LISTING TECHNIQUES

Directions: The following is an outline of the Listing Techniques Units XVII thru XXI. Assume that you are responsible for training a new agent in your office in techniques of listing and select from the outline the major concepts you would include in the training plan for the new agent. It is best to outline your own training plan on another page, but if time is limited, you may check the selected concepts as they appear on this outline. Add any topics you wish.

I. PREPARING TO LIST

- A. Getting Ready, Set, and Going on Listings (introduction)
 - 1. Overview of training plan
 - 2. Meaning of listing
- B. Looking at Listing Agreements
 - 1. Types of agreements
 - 2. Content of the agreements
 - 3. Agency - principal relationships
- C. Using the Multiple Listing Service
 - 1. How it works - the MLS plan
 - 2. Advantages
 - 3. The computer - Realtron
- D. Knowing the Need to List: Seller and Broker
 - 1. Why the seller needs to list his/her property with a Realtor
 - 2. Why some sellers will not list
 - 3. Listings - the broker's inventory
 - 4. A steady income through listings
- E. Organizing Yourself for Listings
 - 1. Management basics of listing
 - 2. Time management
 - 3. Prospect file planning
 - 4. Aids in getting organized
 - 5. Dedication to the "Big D's": discipline and determination
- F. Seeking Sources of Listings

II. PROSPECTING FOR LISTINGS

A. Organizing Yourself for Prospecting

1. Development of a prospect system
2. The prospect system and how it functions
3. The best time for prospecting
4. Scheduling priorities
5. The listing area

B. Practicing Creative Prospecting

1. Meaning of creativity
2. Creative prospecting and the previous buyer
what to do after the sale to build repeat business
3. Use of the "sold" sign for prospecting
4. Prospects from word-of-mouth advertising
5. Creative use of owners' ads and signs
6. How to take the "cold" out of cold canvassing
7. Use of direct mail to obtain listings
8. Listing through newspaper advertising

C. Getting Prospects Every Day: Points to Ponder

1. Need to work hard and smart every day
2. Need to give excellent service to obtain referrals
3. Need to follow up on expired listings
4. Need to remember who is a qualified seller
5. Need to keep at the job of prospecting
6. Need to use creative telephone techniques

D. Calling on Creative Telephone Techniques

1. Purpose of the telephone in the real estate business
2. Need to control the conversation
3. Need to use a prospect card to record the facts
4. Need to obtain and use the owner's name
5. How to qualify prospects and make appointments - the phone-power way

III. OBTAINING LISTINGS

A. Stepping Up the Listing Ladder

1. Prospect for listings every day.
2. Prepare before every listing appointment - the pre-approach.
3. Make a professional presentation.
4. Obtain the listing and prepare the seller.
5. Market (promote and service) the listing.

B. Performing Successfully in the Pre-Approach

1. Try for an evening appointment.
2. Obtain essential information about the property.
3. Inspect the neighborhood and the property.
4. Prepare a competitive market survey.
5. Prepare your presentation and put it together in a special folder.

C. Inspecting the Neighborhood and the Property

1. Drive around each of the blocks adjacent to the property.
2. Be aware of depreciation factors in inspecting both the neighborhood and the property.
3. Inspect the property. (techniques)

D. Preparing a Command Presentation: Professionalism Through Preparation

1. Prepare each part of the total presentation.
2. Prepare for an enthusiastic presentation.
3. Plan for a showmanship presentation.
4. Incorporate into the presentation selections from approaches that secure listings.

E. Making the Presentation

1. Have an interesting, stage-setting introduction.
2. Discuss the seller's side of the market.
3. Discuss the buyer's side of the market.
4. Present how financing enters the picture.
5. Cover real estate services provided by your firm.
6. Emphasize why your firm can do the best job for the seller.
7. Discuss the importance of establishing the proper listing price.
8. Explain how fair market value is determined.
9. Negotiate a listing price with the owner.
10. Close on the listing agreement.

F. Following Up After the Agreement

1. Prepare the sellers for the selling process.
2. Use a listing checklist.
3. Express appreciation for the client's confidence in you.
4. Take your leave - smoothly and smartly.

IV. MARKETING THE LISTING

A. Marketing and Servicing the Listing

1. Use a listing checklist to follow up immediately after the listing agreement.
2. Service the sign.
3. Keep in close and constant contact with the seller.
4. Promote the listing.
5. Analyze any selling problems and take action.
6. Get the listing renewed when necessary.

B. Keeping in Close and Constant Contact with the Seller

1. Telephone the seller at least once each week. (matters to discuss)
2. Write a letter to the owner outlining the reasons for any slow sales activity.
3. Keep the seller informed about advertising and other promotional activity.
4. Communicate with the owner concerning appointments for showings.
5. Remain loyal to the seller.
6. Explain to the owners what happens when a contract is presented.

C. Promoting the Listing

1. Write three ads as soon as you get an exclusive and put these away.
2. Determine who is a logical buyer and find out where the property should be exposed to reach this type of buyer.
3. Consider media available for advertising and promotion. (overview of types of media)
4. Create copy that brings results.

D. Analyzing Selling Problems and Taking Action

1. Analyze slow sales activity in terms of three factors.
2. Tell the sellers immediately if the problem rests with conditions and/or price.
3. Recommend steps that should be taken to correct the problem.

E. Renewing Listings: Creating a Second Chance

1. Review the sales activity on a property as a listing approaches its expiration date.
2. Avoid the big mistake of rushing in at the last minute and asking for an extension or renewal of the listing.
3. Increase activity and show even greater interest in the final weeks of the listing period.

UNIT XXII: PREPARING YOURSELF FOR SUCCESSFUL SELLING

COMPETENCY STATEMENT:

After completing this lesson, the student will be able to:

1. Analyze himself/herself in terms of personal qualities needed for successful real estate selling, using the summary of "right personal qualities" provided;
2. Gather the equipment that real estate sales people should take with them at all times;
3. Begin using at least three sources of information recommended for learning about specific properties;
4. Discover at least one new way to reach a property for which he/she is currently responsible and at least one new way to go to and from work; and
5. Provide at least one reason why the seller is considered the client in real estate transactions.

RECOMMENDED RESOURCES:

National Association of Realtors, Realtors Institute Reference and Practice Book: Vol. I. Chicago: National Association of Realtors (1977). Chapters 9, 10, and 11.

O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company (1978). Chapters 6 thru 12.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press (1978). Chapters 7 thru 12.

Unger, Maurice, A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati: Southwestern Publishing Co. (1979). Chapter 21.

CONTENT OUTLINE

TEACHING SUGGESTIONS AND REFERENCES

- I. Playing your Professional Role in the Sales Process
 - A. Real estate selling as a profession and you as a professional person.

1. Meaning of professional

Call for definitions from students, developing their contributions into a meaning similar to this one:

Professional - having great skill or experience in a particular field or activity; one who has an assured competence in a particular occupation.

2. Meaning of competence

Refer to the use of the term "competence" in the above definition, asking group for meaning.

Competence - the ability to demonstrate that one possesses the knowledge, skills, and attitudes required for successful performance of a job task or entire occupation.

Point out that one group of professional competencies in real estate selling is personal qualities that appeal to buyers and sellers.

II. Having the Right Qualities and Equipment on Hand

a. The right personal qualities

Refer to "The Right Personal Qualities for Real Estate Selling" at the end of this topic and use to stimulate a class discussion of desirable traits.

1. The three M's: morale, motivation, morals.

2. Desire to succeed.

3. Perseverance

Cite stories from your own experience that demonstrate the value of "sticking to it" even when the going gets rough.

4. A good sense of humor and a ready smile.
 5. Self-confidence.
 6. The ability to keep eyes and ears open and mouth closed. Ask why this ability is important.
 7. The hide of a rhinoceros Give an example to illustrate how essential it is to have a tough hide in this business.
 8. Organization of time and efforts, evidenced by plenty of preparation. Refer to presentation of time organization in prior lesson.
 9. Creativity and adaptability Discuss the meaning of these terms in relation to real estate selling, bring out situations requiring these traits.
 10. Tact Ask what is meant by this and call for real estate situations that require considerable tact.
- B. Attitudes and attributes that won't spell success Develop from class.
1. Attitude that you are trying real estate just to pass the time because it looks like fun, looks easy, or you like to look at houses.
 2. Attitude that you are trying real estate just to make a fast buck.

3. Low morale. Ask how this is demonstrated.
4. Lack of motivation. Point out that this includes also lack of the "big D's"
- discipline and determination.
5. Lack of morals or ethical principles. Cite evidence of concern about this in the profession and bring out the harm that can be done to the real estate field by unethical practitioners.
6. Unwillingness to put forth the effort required to succeed.
7. Lack of perserverance or unwillingness to try and try again.
8. Little or no sense of humor.
9. Lack of self-confidence.
10. Failure to know and to practice when and how to be a good listener and observer. Note that this relates to the ability to keep eyes and ears open and mouth closed.
11. Oversensitivity
12. Lack of organization and preparation.
13. Lack of creativity and failure to adapt quickly to changes and to different situations and people.

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14. Failure to demonstrate tact.

Stress: If you are to be a success, this is hard work, long hours, and many heartbreaks. If you have the qualities to be a success and are willing to work and learn, to really apply yourself wholeheartedly, WELCOME TO THE CLUB!

Direct students to analyze themselves between this session and the next one, using "The Right Personal Qualities for Real Estate Selling."

- C. Essential equipment to take with you.

State that now, having considered personal qualities to take with us on the selling adventure, we turn our attention to equipment needed.

Distribute "You Can Take It With You," review with class, and show samples of the items listed.

III. Knowing Your Product and How to Get There

- A. Use these sources of product information. Call on group for sources.
1. Study your listings.
 2. Get comparables.
 3. Read the multiple listing cards.
 4. Study sold reports.
 5. Find out about new "for sale" signs.

6. Read the "for sale" ads every morning and evening and find out about any properties with which you are unfamiliar.
- Mention that it may be a good comparable for one of the company listings or just what you need for a certain prospective purchaser.
- Point out the need to beat the buyer to the ad.

B. Route yourself to your products.

1. Get out the map and let it take you places.
2. Go to and from work a different way each day.
3. Learn new ways to the shopping center.
4. Get off the beaten track and learn different ways to get to properties.
5. Find out which route is best to take in heavy traffic.

Emphasize that the more you see, the more you travel, the more you learn.

IV. Summarizing and Applying Unit XXII

Instructors Note: It is suggested that you defer testing and application phases on this topic until the conclusion of Unit XXIII. Quiz and application material for both Unit XXII and Unit XXIII are found at the end of Unit XXIII.

V. Supplemental Materials

Attachment A

The Right Personal Qualities
for Real Estate Selling

Attachment B

You Can Take It With You

Attachment A

THE RIGHT PERSONAL QUALITIES FOR REAL ESTATE SELLING

1. The Three M's: Morale, Motivation, Morals

- a. Morale - Morale, motivation, and morals are three of the most important ingredients for a successful salesman. One cannot survive without the other. If your morale is low, the other two will not be working for you. Whatever your problems are - a fight with the wife or kids, tripping over the dog, an owner who didn't do what you wanted - close the door on it all when you leave your house! An unhappy, dissatisfied person projects this and has an ill effect on everyone he/she comes in contact with. Don't burden others with your problems as they have their own. Don't brood over a lost listing or sale. Go onward and upward to bigger and better things. Learn to laugh at things - particularly yourself. Some of your greatest tragedies of today will be amusing or in better perspective tomorrow. Just don't carry your troubles with you, but take a deep breath and smile. If you find you cannot do this, let someone else take your floor time or your client. You will never make a sale or a friend with a scowl on your face. If you cannot close the door on your problems, better find a new job because you'll never make it in this one!
- b. Motivation - Without this, you're sunk! Don't sit around waiting for someone to tell you what to do - do it. Even if it's wrong, do it. That's how we learn, unfortunately, through trial and error. No buyer? Go knock on doors or put up that

"open" sign. Stormy? Get out that cross directory and start calling. Don't wait for something to drop in your lap - it seldom does. Be self-motivated - don't wait for that push. With a high morale and self-motivation, you can conquer the world if you have

- c. Morals - and high ones! Without this ingredient, nothing will work for you. Maybe, for awhile, you'll make a few fast bucks, but you'll soon fall by the wayside as your worth and integrity will be easily detected and felt. An impeccable reputation is worth all the money in the world! Never take advantage of anyone and follow the Code of Ethics of the National Association of Realtors. (Review these if time permits.)

2. Desire to Succeed

3. Perseverance

4. A Good Sense of Humor and A Ready Smile

5. Self-Confidence

This takes time to build, but build it! Never let it be known or let it show that you lack confidence in yourself. If you do, how can you expect buyers or sellers to place their trust with you? Stand tall! Throw your shoulders back, your chest out, and hold your head high! Once you're in the habit of exuding confidence you'll find that even when you relax you're still "standing tall." Then, you're ready to conquer the world. Don't oversell property and never undersell yourself!

6. The Ability to Keep Eyes and Ears Open and Mouth Closed

7. The Hide of A Rhinoceros

8. Organization of Time and Efforts, Evidence by Plenty of Preparation

9. Creativity and Adaptability

10. Tact

Attachment B

YOU CAN TAKE IT WITH YOU!

Equipment to Have with You Always in
Purse, Attache Case, Glove Compartment, or Trunk

1. 50-Foot Tape Measure
Smaller will do, but you would look ridiculous trying to measure a 200 feet deep lot with a ten-foot tape! Cloth type is preferred as it does not sting when let loose or scratch the walls and furniture when measuring. Many people have odd-size rugs that they buy a house to fit or a chest or sofa that is mammoth and must have wall space. When they find what they want, all the measuring goes down the drain, but until that time, accommodate and measure!
2. Compass
You may use it once a year, but what a gimmick! Pitch dark, foggy day, or high noon, someone will want to know which way the house faces.
3. Hammer, Screwdriver and Pliers
You just never know when the owner has gone off and left the lockbox on the door, but the screen door is locked! This is the house they absolutely must see. Haul out your handy tool kit and take the screen door off and be a real hero. Be sure to put it back on!
4. Large and Pencil Flashlight and Tube of Graphite
The small light can be easily carried in a woman's purse or a man's pocket and comes in mighty handy when you are fumbling for a keyhole in the dark. Sure beats a flickering lighter or match! Carry the larger light in the glove compartment for use when showing vacant houses with no electricity, or to light a pathway. The graphite is another "maybe once a year gimmick," but how handy when showing older homes and the key gets stuck in the lock or it won't work. A shot of graphite usually works like a charm. It is also good on squeaky doors and hinges.
5. A Clean Car, Full of Gas, and Equipped With Good Tires
This is a MUST! It may be best for the sales person to drive a modest four door car. Somehow, the purchaser feels he/she is paying for you to drive that big car, and he/she resents it. He/she wants to be with a successful agent, but does not want the prosperity to show. How embarrassing to run out of gas - and you can bet it will be miles from a gas station! Bald tires are a hazard to everyone. Have five good tires and be sure you're equipped for snow tires. Accidents will happen, and you may run over a nail and find that a new tire won't withstand the cut, but it is not as understandable with old tires. People do not like to take chances with their lives.

Keep your ash trays, upholstery, and car clean. It only takes a few minutes. No one likes to get in a dirty car. They may leave it that way, but they feel that is their privilege. In the trunk of the car have a couple of UMBRELLAS and an assortment of old GALOSHES, particularly for women. Ever pick up a gal on a snowy day with a pair of thin-soled ballerina slippers? She didn't bring any galoshes with her because she thought she was coming to the south where it didn't snow. Those plastic shoe covers may just be what makes the sale for you.

6. Client Book and Business Cards
Carry the book with you at all times! A small loose-leaf binder will do. Arrange it alphabetically and keep track of names and properties shown or discussed so you can intelligently talk about what you have seen or called on. Business cards should be left in every house shown, every time shown and given to anyone anytime. Carry them to parties, stores, gas stations - pass them out freely!
7. Items for Glove Compartment
 - a. Small tablets and pencils for purchasers to make notes on - and keep their eyes off owner signs.
 - b. An extra payment book so they can work out their figures. (Men particularly like to manipulate numbers.)
 - c. Hard candy, such as lifesavers, to keep the little kiddies' mouths closed
 - d. Wash and wipe to wash little hands and faces after they have eaten the hard candy
 - e. Kleenex to wipe the tears away when they find they can't have any more candy
 - f. Maps so the purchasers can see where they are going - and keep their eyes off home owner signs
 - g. Comic books to keep little minds busy and happy so they won't complain they are tired and bored just as you are about to show the perfect house (Never keep coloring book and crayons as they are pure disaster. Left to melt on top of the back seat, ground into the floor and seats, and everyone marked up does not lend itself to happy hunting.)
 - h. A can of Lysol disinfectant often comes in handy.
 - i. Contracts and good working pens - the most important items. Always have at least 2 contracts in your glove compartment and 2 in your purse or case. NEVER, NEVER be caught without a contract! NEVER, NEVER with a dry pen! Be prepared to write that contract on the spot - they can change their minds on the way back to the office.

UNIT XXIII: PREPARING YOURSELF FOR SUCCESSFUL SELLING (Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student will be able to:

1. Name at least two ways of being prepared for floor duty in terms of knowing all company listings;
2. Describe how to avoid going on a wild goose chase when making an appointment with a caller to show a property;
3. Apply on the job the effective telephone techniques presented, keeping a record of his/her experiences in trying out these techniques;
4. Complete with 80% accuracy "Checkup for Preparing Yourself for Successful Selling"; and
5. Implement selected activities from the Application Commitment Plan for Units XXII and XXIII, demonstrating his/her interest and willingness to study and apply lesson principles and practices.

RECOMMENDED RESOURCES:

National Association of Realtors, Realtors Institute Reference and Practice Book: Vol. I. Chicago: National Association of Realtors (1977). Chapters 9, 10, and 11.

O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company (1978).

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press (1978). Chapters 7 thru 12.

Unger, Maurice, A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed., Cincinnati: Southwestern Publishing Co., (1979). Chapter 21.

CONTENT OUTLINE

TEACHING SUGGESTIONS AND REFERENCES

- I. Keeping Your Client In Mind
 - A. Remember that the seller (whether your company listing or that of another company) is your client.

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1. The seller pays your commission.
 2. The seller is entirely dependent upon your professional attention to his needs.
- Explain that the purchaser can shop the market with many real estate people (and often does) and that the buyer has many properties from which to choose, whereas the seller has only one to sell.
- B. Be fair and honest with both parties and do a good service for both.
- Read Article II of the Code of Ethics of the National Association of Realtors, especially: "This obligation of absolute fidelity to the client's interest is primary, but it does not relieve the Realtor from the obligation of dealing fairly with all parties to the transaction."
- C. Consider what to call the prospective purchaser.
- Ask: If we refer to the seller as the client, what term should apply to the buyer?
1. "Prospect" doesn't sound right.
 2. "Customer" sounds too retail.
 3. "Purchaser" or "buyer" isn't correct until all signatures are complete.
 4. Use what your company advises.
- Note that although no one has really come up with a good term, "prospective purchaser" may be most accurate.
- D. Handle effectively these situations in serving the client.
1. Answer when a prospective purchaser asks what you think a home is worth:
- State that if the home already has been appraised, you have at least one professional opinion on the market value.

"What one is willing to sell for and the other is willing to pay."

2. Never make the remark that the property is way overpriced and you're sure you can get it for them for less.

- a. This is highly unethical and a violation of the contract.

- b. The client has a contract with you, and you have no right to offer the property for any figure other than that stated by the seller.

Read Article 19 of the Realtor's Code of Ethics, especially "...the price quoted should not be other than that agreed upon with the owners as the offering price."

Stress: Granted, you are obligated to present any offer, but don't you make it.

II. Facing Up to Floor Duty: Ways to Stay Prepared

- A. Get to the office at least 15 minutes before the time you are expected.

- B. Know all of your company listings so you can discuss them intelligently when called on.

1. Have listings and comparables at your fingertips.

2. Know what is advertised.

3. Know what is sold or has a contract pending.

Explain that failure to do this may cause you to tell a caller about a sold property,

have him/her all fired up to see it, then have to deflate him/her and yourself.

4. Have a ready substitute if a listing has been sold, but the ad could not be killed.

Note that with the abundance of listing in M/L, there should be at least one that resembles the one that was sold.

5. Know for every listing the other homes that are for sale or rent in the immediate area.

Bring out the importance of keeping the listings handy so that if the property is not within the price range, you can readily pick out one that is and discuss it intelligently.

- C. Make the appointments-- don't ask them, tell them!

State to tell prospective purchasers that time is wasting, and the best way to decide is for you to pick them up and look at the property together.

Add: If this is not just what they are looking for, then you will have a better idea of their need and will know what to look for in the future.

- D. Don't go on a wild goose chase.

Explain that some people just like to call and chat, give you the wrong name and number, and have no intention of meeting you.

1. Tell callers that if they will give you their name and number, you will call them back as soon as the appointment is made.

2. Write name and number and repeat them back so there is no chance of error.

Note: Granted, you can put them on hold and make the appointment, but how do you know they are for real?

3. Make a tentative appointment and then call and see if you have a "live one" or a "gabber."

Mention that not always can you check in the phone book since many people have unlisted numbers.

- E. Avoid meeting in front of the house, unless:

Point out that if you give the address and they get there first, don't like the outside of the house, and leave, you are left standing in front, wondering what happened.

Add that few people will have the courtesy to wait for you as they don't want to get tied up with an agent.

1. They have called on the sign and know where the property is and what it looks like on the outside.
2. They absolutely insist on meeting you at the address.

- F. Make an appointment to see the home of prospective purchasers if they are local.

Emphasize that you will be better able to know their tastes, how they live, and what will fit their needs.

1. Look for a new home if the purchaser's home is immaculate.
2. Look for a "homey," lived-in house if the purchaser's home is a "mess."
3. Look for a house that has work to be done when the purchaser is the type who likes to "fix things up."

4. Look for a house with all work completed when the purchaser is "all thumbs."

5. Match house and buyer.

G. Know and practice effective telephone techniques.

Tell group that this is an essential competency associated with floor duty.

III. Practicing Effective Telephone Techniques

Distribute "Tips on Telephone Techniques" and go over points with class.

Direct group to try out these techniques between this session and the next one, keeping a record of their experiences in a try-out.

A. Remember that the purpose of the telephone in real estate business is to MAKE APPOINTMENTS.

Stress to keep the conversation brief, pressing for a personal interview since nothing beats face-to-face contact.

B. When away from your phone, leave word WHERE you're going and WHEN you'll be back.

Ask what will happen if you fail to do this.

C. Take these tips when handling ad and sign calls.

1. Make certain that the firm's telephone always is answered promptly.

Bring out that failure to answer promptly gives the impression of confusion.

Suggest trying to answer before the second ring.

2. Identify yourself when answering.

Cite: "Royal Realtors, R. E. Pro."

3. BEFORE picking up the receiver, take a deep breath, put a smile on your face, then answer.

Note that it is really difficult to be ugly with a smile on your face.

4. Don't answer - ask someone else to answer - if you are:

- a. Aggravated
- b. Carrying on a conversation with someone in the office.
- c. In a situation in which you cannot devote full attention to the call.

5. Speak distinctly and pleasantly.

- a. Hold mouthpiece well up in front of lips.
- b. Modulate your voice.
- c. Don't speak too fast or slur your words.

6. Put yourself in the caller's shoes.

Stress that it is important to understand the caller's attitude and to be on guard against giving him/her any reason to hang up; that he/she may be calling real estate offices as a process of elimination.

7. Have information sheet or a tablet in front of you along with sharp pencils or a pen - be ready to:

- a. Answer questions.
- b. Take a message.

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c. Write down
information.

8. Control the conversation by knowing and asking the right questions.

Play tape of or have class read and analyze "Do's and Don'ts of Telephone Techniques."

a. Take the lead in asking questions; then, let the caller do the talking.

b. Remember that the caller's one track objective is to obtain information from you.

c. Your objectives should be to:

(1) Win the caller's confidence.

(2) Arrange a face-to-face interview where you can counsel properly with him concerning his real estate needs.

d. Control the conversation by following these steps:

(1) Answer a question with a question.

Tell group to get as much information as possible from the caller.

- (2) Analyze the caller's response to your question. Stress to write down information, making certain it is recorded and placed to avoid losing it.
 - (3) Agree with him/her. Note that you may have to tactfully disagree, using the "yes, but" technique.
 - (4) Ask another question.
- 9. Obtain and use the caller's name. Explain that getting the name requires the use of techniques such as these when the caller is not eager to give his/her name.
 - a. Use your name to force the caller's response. Instruct class (contrary to identifying information given earlier) to identify only the company and department and to omit their names until the first response from the caller; then, say, "I'm Albert Ace. With whom am I speaking?"
 - b. Identify a related subject that can lead to the name. Give this example: "On what street do you live? Westchester Drive? That's interesting. We just sold a home for Mrs. Dunnavant at 324 Westchester Drive near your home. You probably know them. What is your name?"
 - c. Try pausing after giving your name. Point out that if you pause right after giving your name, you will often find that the caller will fill the void by giving his/her name.
 - d. Create a reason to make a return call. Stress the value of this in obtaining the name and phone number of the caller, citing, "It will take me a few minutes to obtain that information. To save your time, may I call you back after I have looked it up?"

IV. Summarizing and Applying
Units XXII and XXIII

A. Checkup: Preparing
Yourself for Successful
Selling

Distribute and assign this quiz to complete by the next class session, pointing out that the answers will be discussed at the beginning of the next class.

B. Application Commitment
Plan: Preparing Your-
self for Successful
Selling

Explain that the Application Commitment Plans throughout the unit are provided to enable students to apply principles presented during each class session.

Make it clear that they are to select those application activities that they wish to carry out and which are possible to implement in their particular situations.

Distribute the Application Commitment Plan for Units XXII and XXIII and go over activities from which to choose.

Emphasize the need to keep a record of application experiences.

V. Supplemental Materials

Attachment A

Tips on Telephone Techniques

Attachment B

Do's and Don'ts of Telephone Techniques

Attachment C

Checkup: Preparing Yourself for Successful Selling

Attachment D

Answers to Checkup

Attachment E

Application Commitment Plan

Attachment A

TIPS ON TELEPHONE TECHNIQUES

1. Remember that the purpose of the telephone in the real estate business is to MAKE APPOINTMENTS.
2. When away from your phone, leave word WHERE you're going and WHEN you'll be back.
3. Take these tips when handling ad and sign calls:
 - a. Make certain that the firm's telephone always is answered promptly.
 - b. Identify yourself when answering (or see techniques in relation to obtaining and using the caller's name).
 - c. BEFORE picking up the receiver, take a deep breath, put a smile on your face, then answer.
 - d. Don't answer - ask someone else to answer - if you are:
 - (1) Aggravated
 - (2) Carrying on a conversation with someone in the office.
 - (3) In a situation in which you cannot devote full attention to the call.
 - e. Speak distinctly and pleasantly.
 - (1) Hold mouthpiece well up in front of lips.
 - (2) Modulate your voice.
 - (3) Don't speak too fast or slur your words.
 - f. Put yourself in the caller's shoes.
 - g. Have information sheet or a tablet in front of you, along with sharp pencils or a pen - be ready to:

- (1) Answer questions.
 - (2) Take a message.
 - (3) Write down information.
- h. Control the conversation by knowing and asking the right questions.
- (1) Take the lead in asking questions; then, let the caller do the talking.
 - (2) Remember that the caller's one-track objective is to obtain information from you.
 - (3) Your objectives should be to:
 - (a) Win the caller's confidence.
 - (b) Arrange a face-to-face interview where you can counsel properly with him/her concerning his/her real estate needs.
 - (4) Control the conversation by following these steps:
 - (a) Answer a question with a question.
 - (b) Analyze the caller's response to your question.
 - (c) Agree with him/her (or use the "yes, but" technique).
 - (d) Ask another question.
- i. Obtain and use the caller's name.
- (1) Use your name to force the caller's response (identify only the company and department and omit your name until the first response from the caller; then, say, "I'm Warren Mallory. With whom am I speaking?")
 - (2) Identify a related subject that can lead to the name. ("On what street do you live? Westchester Drive? That's interesting. We just sold a home for Mrs. Dunnavant at 324 Westchester Drive near you. You probably know her. What is your name?")
 - (3) Try pausing after giving your name.
 - (4) Create a reason for making a return call. ("It will take me a few minutes to obtain that information. To save your time, may I call you back after I have looked it up?")

Attachment B

DO'S AND DON'TS OF TELEPHONE TECHNIQUES

DON'TS

"HELLO

OUR ad?

Are you SURE it's our ad? Yes, this is Flustered Realty.

.....

If your're sure, then it must be the one I haven't seen - just a minute - (NO hold button used)

Hey! Does anyone know what we have advertised for \$48,500? Bela's listing? That's a dog! No, this is a 3 bedroom - never mind - I found it!

Now, sir, what did you want to know about this since I found it? Well, you could call it a pretty nice house, and the location is not too bad

Yes, I guess you can see it. Let me see, 5:30 now; it's really getting pretty late. Our office closes at 6:00 p.m. Why don't you just drop by the office in the morning and I'll show it to you then.

You'd rather see it this evening?!

You're moving into town in a couple of weeks! That doesn't give you much time, does it?

Well, I'll just give you the address and Oh, you can look it up on the city map.

I should think most any gas station would have a city map!

Well, look it up and drive out past it. If it looks good to you, come to the office sometime tomorrow, and I'll show it to you

.....
WHAT?! WELL?! O.K.! Goodbye."

DO'S

"Good afternoon, Fair Realty, Nora Drake speaking, and this is?

.....
Mrs. Brown? How may I help you, Mrs. Brown?

The \$48,000 home we have advertised? Yes, it is a very lovely home in suburban area with all the city conveniences.

You were living in the suburbs of Chicago? I see. After several years there, your husband is being transferred to West Virginia as General Manager of his company. How nice! I'm certain you will enjoy living here. You've sold your home and are staying at the Holiday Inn? Then, I know you are anxious to get settled especially if your have youngsters in school.

One in high school? Then, this is a particularly good location, as the bus for both junior and senior high schools stop at the door, and the elementary school is only three short blocks away. There is also a nice shopping center nearby and a new library will be opening in a month.

Since you have two cars, the double garage will be nice. The home has four large bedrooms, three full baths, and a lovely family room.

Yes, there is a formal dining room with a lovely screened porch adjacent to it that is most convenient for entertaining.

Mrs. Brown, there are so many features in this lovely brick home that just telling you about it does not do it justice. You really should see it yourself! What is the most convenient time for you and your husband to see it?

Oh, yes, we show homes after 5:30! Any time that is convenient for you. 6:30 is fine. I will also have other available homes that fit your needs for you to see and compare.

No trouble at all! I'll pick you up at the motel, room 342, at 6:30. I will look forward to meeting you and helping you solve your housing needs. Goodbye, Mrs. Brown.

Attachment C

CHECKUP: PREPARING YOURSELF FOR SUCCESSFUL SELLING

Directions: Use your own paper to state your answers to each of the following quiz items, but be certain to place beside your answers the letter and number to which it corresponds, for example A. 1.

A. Playing Your Professional Role in the Sales Process

1. Explain in your own words the meanings of "professional" and "competence."

B. Having the Right Qualities and Equipment on Hand

2. Name the three "M's" of personal qualities needed in real estate selling and briefly explain why each is required for success.
3. List five attitudes or attributes that won't spell success in real estate selling.
4. Select one item of equipment recommended to take with you at all times when selling real estate and briefly state the importance of having this item on hand.

C. Knowing Your Product and How to Get There

5. List three sources of information in knowing your products - the properties you are responsible for selling.
6. State why it can be beneficial to a real estate salesperson to go to and from work different ways.

D. Keeping Your Client in Mind

7. Give one reason why the seller is considered the client in real estate transactions.

E. Facing Up to Floor Duty: Ways to Stay Prepared

8. Name two ways of making certain you know your company listings so that you can discuss them intelligently when called on.
9. Describe how to avoid going on a wild goose chase when making an appointment with a caller to show a property.

F. Practicing Effective Telephone Techniques

10. Assume that you are responsible for training a new salesperson in telephone techniques and select from the handout "Tips on Telephone Techniques" the major points that you would stress, listing at least three techniques and give a reason for each selection.

Attachment D

Answers to Checkup

Units XXII and XXIII

- A. 1. Any definitions in students' own words that are similar to the following:

Professional - having great skill or experience in a particular field or activity; one who has an assured competence in a particular occupations.

Competence - the ability to demonstrate that one possesses the knowledge, skills, and attitudes required for successful performance of a job task or entire occupation.

- B. 2. Morale

If morale is low, motivation and morals cannot work for you; and unhappy, dissatisfied person projects this on others, leading to lost sales.

Motivation

You must have this to be a self-starter, to keep going when conditions are not favorable, to take action toward goals.

Morals

Without high morals, people with whom you work will learn not to trust you, damaging your reputation and that of the real estate field; your worth and integrity will be easily detected and felt.

3. Any five of the attitudes and attributes listing on pages 4 and 5 of the lesson plan
4. Any piece of equipment listed on "You Can Take It With You" if accompanied by necessity for having the item on hand

- C. 5. Any 3 of the following:

study of listings, comparables, multiple listing cards, sold reports; discovery of new "for sale" signs; reading of "for sale" ads every morning and evening

6. You can discover new properties for sale and other real estate "events" by taking new route to work. In addition, you may learn new ways to get to and from current properties for which you are responsible

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- D. 7. The seller is considered the client because he/she pays the salesperson's commission and because he/she is entirely dependent upon the salesperson's professional attention to his/her sale.
- E. 8. Any 2 of the following:
- Have listings and comparables at your fingertips.
 - Know what is advertised.
 - Know what is sold or has a contract pending.
 - Have a ready substitute if a listing has been sold, but the ad was not killed.
 - Know for every listing the other homes that are for sale or rent in the immediate area.
9. Tell callers that if they will give you their name and number, you will call them back as soon as the appointment is made. Write name and number and repeat them so there is no chance of error. Make a tentative appointment and then call and see if you have a "live one" or a "gabber."
- F. 10. Any points listed on "Tips on Telephone Techniques" if a reason is given for stressing each of the three points listed.

Attachment E

APPLICATION COMMITMENT PLAN:

PREPARING YOURSELF FOR SUCCESSFUL SELLING

About Application Commitment Plans: At the end of each class session, you will be given the application commitment plan form. You are asked to select from the activities listed those that you definitely intend to carry out as soon as possible, hopefully, before the next class session. Check in the space provided each activity you agree to try out and sign the agreement. As you apply principles presented in class through the activities, it is important that you keep a record of your experiences. A special notebook is suggested for this purpose. Insofar as time permits, your experiences will be discussed in class.

I agree to carry out the following activities, designed to apply principles presented in Units XXII and XXIII.

Check Activities to
be Carried Out:

- _____ 1. Analyze myself in terms of personal qualities needed for successful real estate selling, using the summary of "right personal qualities" provided.
- _____ 2. Gather and place in my car the essential equipment that the real estate salesperson always should take with him/her.
- _____ 3. Use at least three sources of information recommended for learning about specific properties.
- _____ 4. Discover at least one new way to reach a property for which I am or could be responsible and at least one new way to go to and from work.
- _____ 5. Apply immediately on the job the telephone techniques presented.
- _____ 6. Keep in mind that the seller is my client, but endeavor to serve both seller and prospective purchaser fairly and honestly.
- _____ 7. Prepare for floor duty, especially in terms of knowing all of my company listings.

Signed _____

Application Record

(Keep in Notebook) 327

UNIT XXIV: QUALIFYING AND KNOWING THE PURCHASER AND THE PROPERTY

COMPETENCY STATEMENT:

After completing this lesson, the student will be able to:

1. Qualify the prospective purchasers in terms of the questions and factors presented;
2. Identify the seven basic types of buyers and how to handle each type; and
3. Deal effectively with both local and cut-of-town prospective purchasers.

RECOMMENDED RESOURCES:

National Association of Realtors, Realtors Institute Reference and Practice Book: Vol. I. Chicago: National Association of Realtors (1977). Chapters 9, 10, and 11.

O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company (1978). Chapters 6 thru 12.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press (1978). Chapters 7 thru 12.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed. Cincinnati: Southwestern Publishing Co., (1979). Chapter 21.

CONTENT OUTLINE

- I. Review of Units XXII and XXIII
- II. Qualifying the Prospective Purchaser
 - A. Ask the right questions at the right time - before you take the purchaser to properties.

TEACHING SUGGESTIONS AND REFERENCES

Provide answers to Units XXII and XXIII quiz and check student experiences with the Application Commitment Plan.

B. Find out (person to person or over the phone) just why the purchasers are moving and what is their real need.

C. Know the right questions to ask when qualifying by phone.

Tell group to keep a list of these beside the phone for quick reference.

1. May I ask who is calling, or with whom am I speaking?

2. What is your address and phone number, or on what street do you live?

3. When would you and your husband (or others) be available to see the house?

4. How many will be living in the home?

Note that this will reveal such facts as bedroom requirements and size of home.

5. In what area do you prefer to live?

Explain that here you receive clues as to real estate districts preferred and what employment centers are important in relation to the housing selected.

6. How soon would you like to move?

State that 6 and 7 give some idea about the degree of urgency in the caller's plans.

7. How long have you been looking for a home?

8. What special features do you require in your new home? Bring out that a related question is "Have you seen any homes you particularly liked?"
- Mention that if the purchasers have been shopping with other agents and located property close to their needs you should know about this.
9. How much have you planned to invest in this home? Ask why the use of the word "invest" instead of "How much can you pay?"
- D. Know all the right questions to ask at the appropriate time during your contacts with the purchaser. Note that qualifying may occur by phone or in person and at various times in your contacts with the purchaser.
- Stress, however, that timing is crucial since the salesperson needs to move the events as rapidly as possible and learn how to quickly qualify prospective purchasers.
1. What motivates the purchaser to buy? Call for ways to phrase this and the remaining questions.
- a. Moving in from another area?
- b. Change of social status - promotions or pay raises?
- c. Family too large for present home?
- d. Dissatisfaction with the present neighbors?

2. Has he/she been looking long? State that this gives you a clue as to whether you might have a constant looker or one who really needs help and has not been able (for any number of reasons) to find it elsewhere.
- a. If he/she has been looking, has he/she seen anything he/she likes?
- b. If so, why didn't he/she buy it? Emphasize to make a note of this.
- c. If he/she hasn't seen anything he/she really liked, what were the disadvantages of those that "came close?" Point out that if everything the purchasers have seen has disadvantages, forget them - the house they're looking for hasn't been built yet. Note, however, if they have been with an agent who did not sense what they wanted, at least give it a try; if you have listened and made notes, try a few houses on them for size, but do not run down the other agent.
3. Does he/she own a home now?
- a. Where
- b. Why do they want to move (if local)? Stress to be sure to make the appointment to see the purchaser's home since he/she may be easier to draw out in familiar surroundings.
4. Does the husband or wife need special work space?

- a. What type? Mention a study for solitude, a workshop to make sawdust when he/she wants to get away from it all, and a large yard for children and/or pets.
 - b. What about the children? Cite being musically inclined and needing a soundproof area so the neighbors won't complain, being studious and requiring a library nearby, having a playground for the little ones, etc.
- 5. What style home does the family prefer. Ask class what style house they preferred and then actually bought.
 - a. Do most people know what they really want. Bring out that asking question D. 5. lead to showing types described and, therefore, satisfying the purchaser even if he/she ends up with an entirely different type.
 - b. What are they likely to buy? State: "They will ask for an old colonial and buy a new split level; they will specify a Williamsburg Colonial close in and then buy a contemporary not close in."
 - c. What are their living habits or life-style? Emphasize that the more you find out about their living habits the closer you will come to finding the family a home the first day or at least have a good idea of what to look for that will be right.

E. Find out about financing.

- 1. What price range has been considered?
- 2. How does the purchaser intend to buy the home?

3. What amount of money does he/she wish to invest as a down payment?
4. Is this amount in addition to closing costs or all-inclusive. Point out that if this amount is all-inclusive, it will make a great difference in what you can show them.
5. If the purchaser owns a home now, must he/she sell before buying another home?
 - a. If so, approximately what amount of equity does he expect to realize from the sale?
 - b. Is he/she being realistic? Instruct group to check comparables in the area to see if the purchaser is being realistic.
 - c. Is he/she willing to order an appraisal for a professional opinion of the market value of the property? State to advise the purchaser to do this as it is one of the best investments he/she can make.

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F. Play up the purchaser's profession.

Bring out that there are no garbage collectors or janitors-- they are all "engineers" of some type.

Suggest using tact and a little flattery in referring to the purchaser's occupation.

1. Judge the purchaser by what he/she is--not who he/she is.

Warn not to judge by appearance or use of English grammar.

- a. Never belittle a person or his/her profession.

- b. Never talk down to him/her.

2. Find out facts about the employment of both husband and wife.

3. Determine income and debts.

Call for tactful ways of asking about this, pointing out that some will tell all with no prodding, while others are not about to tell you what they earn or how much they owe.

Distribute "Sample Qualifying Form" and go over with class.

G. Compare income needed (debt free) with the price being considered.

1. Approximate the PITI, using price considered and amount purchasers wish to invest.

Ask what is meant by PITI.

2. Multiply the approximate PITI by 55 or 60 to obtain amount purchasers would have to earn (debt free) to afford a home of that price.

Tell group if the purchasers have stated they can afford certain payment, do the same, multiply by 55 or 60.

Note that many people figure because they now are paying a certain rent, that is what they can afford as payments, but this is not necessarily so; it is what you earn and owe that count.

Explain that determining earnings and debts is a very important step, particularly where government loans are concerned and in the lower price brackets.
- H. Obtain, if possible, the purchaser's confidential financial statement.

Distribute and go over form, "Purchaser's Financial Statement."

Caution class to use discretion and not insist that the "monied" buyer be bothered with this right away.

Emphasize, however, that it is necessary for the "low down payment" and "not much money" purchaser."
- I. Tell the prospective purchaser if he/she does not qualify for anything.
 1. Avoid wasting the time of the seller, the purchaser, and yourself.
 2. Tell him/her to pay his/her debts and then you will be happy to help him/her find the proper home.

J. Interpret financing figures to prospective purchasers.

1. Explain taxes and insurance in relation to monthly mortgage payments. Distribute and review "Taxes, Insurance, and Your Monthly Mortgage Payments."
2. Present fact sheets on "points." Distribute and go over in detail "Discount Points."
3. Make closing costs clear.
 - a. Use a "ball park" figure of 4% of sales price.
 - b. Use "Estimate of Purchaser's Settlement Charges" and "Estimate of Seller's Settlement Charges." Hand out and discuss, one at a time, Samples A-D of "Estimate of Purchaser's Settlement Charges" and Samples E and F of "Estimate of Seller's Settlement Charges." Ask class members how many calls they have received on an ad that read, "Buy VA with no money down," and the caller wanted to do just that and never heard of closing costs.
 - c. Explain that figures are approximate as taxes, interest to the

1st month,
cost of
insurance
may vary.

Remind group that purchasers with no money, but with a good salary and no debts, can borrow closing costs if this fits in their credit pattern.

Stress that if financing requirements and procedures are explained from the beginning, a lot of time can be saved.

III. Handling Prospective
Purchasers: How to
Control the Situation

A. Learn to understand and handle the seven basic types of buyers.

Ask group for characteristics and ways of handling each type; then, hand out "The Seven Basic Types of Buyers."

Note that a buyer may be a combination of types.

B. Deal effectively with local purchasers.

Point out that you should have a fair idea of what they are looking for after you have shown them a few homes and seen the inside of theirs.

1. Get their confidence.

a. Read the ads every day, go out and see the homes that sound promising and report back to them.

b. Be prepared to tell them

about any
properties
about
which
they may
see an ad.

2. Keep in
touch.

Note that if you don't call
because you've seen nothing you
think will interest them, they
will think you have forgotten
them and call someone else.

- a. Check
with them
on your
progress
and
activities
and on
any ads
they have
seen that
sound
promising.

- b. Keep a State if they want to see a
list of home you told them about a day
the ads or so earlier, to check on the
you have status before making an
called appointment.
on, a
list of
the homes
shown,
and a
list of
the prop-
erties
about
which you
have told
them.

- C. Take care of out-
of-town purchasers.

1. Put them to
bed at night
and pick them
up first thing
in the morning.

2. Stick with them like glue or someone else will.
3. Find out where if they have lived in the community previously and show them everything in the area. Explain that they may say they do not want to go back, but the first time you let them loose, they will go back just to see the changes, wander into an open house, become interested, and perhaps turn to someone other than you.
4. Take them to homes that you cannot sell if: Stress that by going "above and beyond the call of duty" you are likely to win a real friend who will be the source of many referrals, and you are likely to get the listing when he/she moves again - if you keep in touch.
 - a. You have exhausted everything else.
 - b. They probably will go there without you.

IV. Summarizing and Applying Unit XXIV

- A. See Checkup and Application Plan at the end of Unit XXV.

V. Supplemental Materials

Attachment A	Sample Qualifying Form
Attachment B	Purchaser's Financial Statement
Attachment C	Taxes, Insurance and Monthly Mortgage Payments

Attachment D	Discount Points
Attachment E	Estimate of Purchaser's Settlement Charges (Sample A)
Attachment F	Estimate of Purchaser's Settlement Charges (Sample B)
Attachment G	Estimate of Purchaser's Settlement Charges (Sample C)
Attachment H	Estimate of Purchaser's Settlement Charges (Sample D)
Attachment I	The Seven Basic Types of Buyers

Attachment A
SAMPLE QUALIFYING FORM

NAME _____ HOME PHONE _____ (Date) _____
HOME OR BUSINESS ADDRESS _____
BUSINESS PHONE _____
NUMBER IN FAMILY: Adults _____ Boy's Ages _____ Girl's Ages _____
SCHOOL REQUIREMENTS: Public _____ Parochial _____ Kindergarten _____
Nursery _____ Elementary _____ Jr. High _____ Sr. High _____
OCCUPANCY REQUIRED ON OR ABOUT _____ TEMPORARY LODGING REQUIRED _____
RENTING NOW? _____ IF SO, WHEN DOES LEASE EXPIRE? _____
MUST YOU SELL PRESENT HOME? _____ APPROXIMATE EQUITY? _____
TYPE OF HOME PREFERRED: Rambler _____ Split Level _____ Colonial _____ Cape Cod _____
Contemporary _____ Townhouse _____ Split Foyer _____ New _____ Resale _____
PRICE RANGE: Minimum _____ Maximum _____ FINANCING PREFERRED: VA (GI) _____
FHA _____ Conventional _____ Assumption _____ Cash _____ 2nd Trust _____
AMOUNT OF DOWN PAYMENT _____ MAXIMUM MONTHLY PAYMENT (PITI) _____
YEARLY INCOME, INCLUDE ALL ALLOWANCE & BEFORE ANY DEDUCTIONS _____
WIFE'S INCOME, HOW LONG EMPLOYED, TYPE OF EMPLOYMENT _____

AMOUNT OF LONG-TERM DEBTS (One year or longer) _____
AREA PREFERRED: Arlington _____ Alexandria _____ Annandale _____ Falls Church _____
Mt. Vernon _____ Springfield _____ Lake Barcroft _____ Fairfax City _____ Other _____
NUMBER OF ROOMS: Bedrooms _____ Baths _____ Rec. Rm. _____ Den _____ Basement _____
Garage _____ Carport _____ Fireplace _____ Central Air Conditioning _____ Large Lot _____
Small Lot _____ Fenced Yard _____ Trees _____ Public Transportation _____
IS IT NECESSARY FOR ANYONE ELSE TO APPROVE THE HOME? _____
REMARKS & OTHER IMPORTANT INFORMATION _____

Attachment B

PURCHASER'S FINANCIAL STATEMENT (CONFIDENTIAL)

PURCHASER

Date of Birth _____
 Rank/title _____
 Address _____

Phone: Home _____ Ofc. _____

EMPLOYED BY: _____

Address _____

OCCUPATION/TITLE _____

Salary (annual) _____ No. yrs. _____

OVERTIME _____

PREVIOUS EMPLOYMENT (if present is less than 2 years)

Employed by: _____

Address _____

Occupation/title _____

Salary (annual) _____ No. yrs. _____

EXTRA EMPLOYMT. OF PURCHASER

Employed by: _____

Address _____

Occupation/title _____

Salary (annual) _____ No. yrs. _____

OTHER EXTRA INCOME (Annual)

Retirement/Reserve Pay \$ _____

Disability Income \$ _____

Investment Income \$ _____

Other Income \$ _____

Pertinent Remarks _____

ASSETS: BAL. ON DEPOSIT

Bank accts. (name) _____ \$ _____

_____ \$ _____

_____ \$ _____

Savings Bonds.....AMT. \$ _____

Stocks/Bonds.....AMT. \$ _____

Life Ins.: \$ _____ Cash Value \$ _____

Household furnishings..Value \$ _____

Automobiles: YR. _____ Value \$ _____

YR. _____ Value \$ _____

Property owned: _____ Equity \$ _____

OTHER ASSETS: _____

SPOUSE

Date of Birth _____

DEPENDENTS: _____; _____

Name & Age _____

_____;

_____;

SPOUSE EMPLOYED BY: _____

Address _____

Salary (annual) _____ No. Yrs. _____

Phone _____

LIABILITIES: Balance Mo. Pymt.

Installment Debts \$ _____ \$ _____

Automobiles \$ _____ \$ _____

\$ _____ \$ _____

Other: _____ \$ _____

_____ \$ _____

_____ \$ _____

Property _____ \$ _____

PAYMENT TO: _____

Alimony/Child Support..... \$ _____

Rent pymt. to _____ \$ _____

Pertinent remarks: _____

IF HOME IS BEING PURCHASED UNDER VA or FHA financing, what is the source of money needed for down payment and/or settlement charges; (bank accounts, bond, insurance cash value, gift, etc.)

I understand that the above information will be used for preliminary qualification on the home we are attempting to purchase, and it is true and accurate to the best of my knowledge and belief.

PURCHASER'S SIGNATURE _____

Attachment C

TAXES, INSURANCE, AND YOUR MONTHLY MORTGAGE PAYMENTS

Your monthly mortgage payment is made up of two parts:

1. Principal and interest:
This portion of the amount you pay each month remains the same during the life of your mortgage.
2. Escrow:
This portion of your monthly payment is set aside and used for the payment of taxes, insurance, special assessments, etc. and changes with the cost of these items. The escrow portion of your mortgage payment is a legal part of the mortgage contract and cannot be "dropped".

WE HAVE NO CONTROL, OF COURSE, OVER THE SIZE OF TAX AND INSURANCE BILLS ON YOUR HOME.

Your tax bill goes up with an increase in property valuation or in an increase in the rate per thousand of valuation - or both.

In many communities, homeowners were attracted to their present areas because of low real estate taxes. As these suburban neighborhoods developed and grew, there was an increasing need for more schools and public services. These improvements were voted on and approved by the homeowners and the result is increased taxes.

Some increases in monthly escrow deposits result from increased hazard insurance premiums. Insurance premiums have increased either as the result of an increase in rates, or from the purchase of greater insurance coverage, or frequently, both.

SPECIAL ASSESSMENTS AND YOUR ESCROW ACCOUNT:

Special assessments for street pavement, sidewalks and similar community improvements are charged to the properties which benefit by these improvements, must be paid along with your tax bills and, because of high present-day costs, often result in large increases in your monthly mortgage payment. Interest charged on special assessments is levied by the taxing authority and not by the mortgagor.

ESCROW ACCOUNTS BENEFIT HOMEOWNERS:

An escrow account is like a well-planned family budget. A certain amount of money is paid in each month, to be held for the payment of periodically larger bills (in this case, taxes and insurance). The escrow account is a real advantage to the homeowner, who finds it much easier to pay smaller monthly amounts into escrow than to pay the larger tax and insurance bills when due.

Attachment D
DISCOUNT POINTS

WHAT ARE THEY?

A discount or "point" is the adjustment made by the lender in disbursing the purchaser's loan proceeds to the seller in order to increase the investor's return on money invested. Each percent of discount represents 1% of the mortgage loan amount. EXAMPLE: on a \$30,000 mortgage loan, each % of discount amounts to \$300.00.

WHY ARE DISCOUNT POINTS NECESSARY?

Generally speaking, the only money that can be borrowed is money that other people have saved. These savings are on deposit with savings & loan associations, insurance companies, mutual savings banks, commercial banks and various other savings institutions. If the investors of these savings are seeking a higher yield on their funds than the FHA or VA fixed interest rate permits, they will usually impose discount points to equate the yield on mortgages with other long-term, competing investments such as corporate bonds.

WHY DO DISCOUNT POINTS VARY?

The discount will vary depending on the property (age - condition - location - size), the borrower (income - credit standing - length and type of employment), and changing investor yield requirements in the investment money market.

WHO PAYS THE DISCOUNT POINTS?

The government regulations on FHA and VA mortgages will not allow the buyer to pay the discount points. FHA and VA regulations permit the buyer to pay a 1% loan processing fee along with other allowable closing costs. This fee is paid to the lender to defray the overhead expenses incurred in arranging the mortgage loan. Although this fee is often referred to as "a point", this is a coincidence and should not be confused with a discount point.

WHY SHOULD THE SELLER PAY THE DISCOUNT POINTS?

To sell a house offering FHA and VA financing the seller is permitted by Federal regulations to pay the discount amount. By refusing to sell with FHA or VA financing, the seller eliminates the largest portion of prospective home owners who can only afford a small down payment. The more liberal terms afforded by FHA and VA financing enable more families to become home owners and, as a result, make it easier for the seller to make a timely sale of his property.

HOW ARE DISCOUNT POINTS FIGURED?

A mortgage loan is discounted when it sells for less than the principal amount of the mortgage. Example: A \$30,000 mortgage which sells for \$28,800 is discounted \$1,200 or 4%. The discount amount of \$1,200 is deducted from the borrower/mortgager's loan and expressed as a four (4) point discount.

EXAMPLE:	\$34,000	Sale Price
	- 4,000	Assumed down payment
	<u>\$30,000</u>	Mortgage loan amount
	- 1,200	Sellers discount points (4)
	<u>\$28,800</u>	Net loan proceeds
	+ 4,000	Down payment added back
	<u>\$32,800</u>	Seller's Proceeds

WHO RECEIVES THE DISCOUNT POINTS?

The mortgage banker or lender imposes the discount on the loan amount at the time of settlement. The lender then attempts to sell the loan, or group of loans, to an institutional investor for the same discount amount. For example, a \$1 million package of 7% mortgages may be sold by a mortgage banker to an investor at a discount of 4 points - or \$96 for every \$100 of the loan value of the mortgage package. The discount increase the investor's rate of return because he will be receiving the 7% rate on the \$1 million worth of mortgages that were purchased for only \$960,000.

Whereas CONVENTIONAL loan rates are not fixed by government authority, lenders are allowed to charge the prevailing market rate of interest without having to impose discount points. However, normally a loan processing fee is charged the purchaser, and depending on the availability of money and the state of the "money market" discount points are charged to seller.

Attachment E

(SAMPLE A)

ESTIMATE OF PURCHASER'S SETTLEMENT CHARGES

Property located at 82013 Eazy St., Fairfax 22003 - Conventional w/25% dn. pmt.

TITLE EXAMINATION: Based on Sales Price 3/4% of first \$50,000, plus 1/2 of 1% of all over \$50,000. Limited search or Bring down, 1/2 of normal charge. Minimum charge of \$200.00	\$ 375.00
TITLE INSURANCE: combination (OWNER & MORTGAGEE) is based on Sales price @ \$3.50 per \$1,000 plus \$7.50.	
Mortgagee policy is based on Loan amount @ \$2.50 per \$1,000.	\$ 182.50
TITLE INSURANCE APPLICATION: Usually \$25.00	\$ 25.00
RECORDATION OF DEED: \$2.00 per \$1,000 of Sales Price, plus \$9.00	\$ 109.00
RECORDATION OF FIRST TRUST: \$2.00 per \$1,000 of loan amount, plus \$10.00	\$ 85.00
PREPARATION OF PAPERS: Usually \$30.00 - None if VA	\$ 30.00
CLOSING FEE: Usually \$35.00 - None if VA	\$ 35.00
SURVEY: Usually \$80.00 - (DOES NOT INCLUDE STAKES: STAKES ARE \$15 - \$20 EACH)	\$ 80.00
INSURANCE ESCROW: Usually 2 months	\$ 20.00
INSURANCE POLICY: MUST be furnished at settlement with 1 year paid receipt - may be billed at settlement. (FIRE & HAZARD or "B" FORM)	\$ 120.00
TAX ESCROW: Lender will require at least 2 months of taxes to be held in escrow. The settlement statement may show a greater amount, but taxes will be adjusted on settlement sheet to reflect credit from seller to date of settlement.	\$ 100.00
LOAN PLACEMENT FEE: (POINTS) 1% of LOAN amount...	\$ 375.00
MGIC FEE: % of LOAN amount if balance amortized	\$ -----
APPRAISAL FEE: \$40.00 VA - \$40.00 FHA - Conventional - \$80.00	\$ 80.00
PHOTOGRAPHS: \$10.00	\$ -----
INTEREST TO 1ST OF MONTH: (Monthly payment always includes interest for one month in ARREARS) (20 days int. @ 8 1/2 = \$8.73 per day)	\$ 174.66
FHA OR MGIC MORTGAGE INSURANCE PREMIUM: Usually 2 months	\$ -----
MGIC APPLICATION: \$20.00 FEE	\$ 20.00
ASSUMPTION FEE: Amount depends on lender	\$ -----
NOTARY FEE: \$2.00	\$ 2.00

*CHARGE FOR CREDIT REPORT IS NOT INCLUDED. Usually collected by lender at time of application.

ESTIMATED TOTAL CHARGES \$ 1793.16

NOTE: Above figures are estimated and are subject to change and are NOT within control of Realtor or Agent.

Attachment F

(SAMPLE B)

ESTIMATE OF PURCHASER'S SETTLEMENT CHARGES

Property located at 82013 Eazy St., Fairfax 22003 - Conventional w/10% down

TITLE EXAMINATION: Based on Sales Price 3/4% of first \$50,000, plus 1/2 of 1% of all over \$50,000. Limited search or Bring down, 1/2 of normal charge. Minimum charge of \$200.00	\$ 375.00
TITLE INSURANCE: combination (OWNER & MORTGAGEE) is based on Sales price @ \$3.50 per \$1,000 plus \$7.50.	\$ 182.50
Mortgagee policy is based on Loan amount @ \$2.50 per \$1,000.	\$ 25.00
TITLE INSURANCE APPLICATION: Usually \$25.00	\$ 109.00
RECORDATION OF DEED: \$2.00 per \$1,000 of Sales Price, plus \$9.00	
RECORDATION OF FIRST TRUST: \$2.00 per \$1,000 of loan amount, plus \$10.00	\$ 100.00
PREPARATION OF PAPERS: Usually \$30.00 - None if VA	\$ 30.00
CLOSING FEE: Usually \$35.00 - None if VA	\$ 35.00
SURVEY: Usually \$80.00 - (DOES NOT INCLUDE STAKES: STAKES ARE \$15 - \$20 EACH)	\$ 80.00
INSURANCE ESCROW: Usually 2 months	\$ 20.00
INSURANCE POLICY: MUST be furnished at settlement with 1 year paid receipt - may be billed at settlement. (FIRE & HAZARD or "B" FORM)	\$ 120.00
TAX ESCROW: Lender will require at least 2 months of taxes to be held in escrow. The settlement statement may show a greater amount, but taxes will be adjusted on settlement sheet to reflect credit from seller to date of settlement.	\$ 100.00
LOAN PLACEMENT FEE: (POINTS) 1% of LOAN amount...	\$ 450.00
MGIC FEE: % of LOAN amount if balance amortized	\$ 225.00
APPRAISAL FEE: \$40.00 VA - \$40.00 FHA - Conventional - \$80.00	\$ 80.00
PHOTOGRAPHS: \$10.00	\$ 10.00
INTEREST TO 1ST OF MONTH: (Monthly payment always includes interest for one month in ARREARS)	\$ 168.75
FHA OR MGIC MORTGAGE INSURANCE PREMIUM: Usually 2 months	\$ 18.76
MGIC APPLICATION: \$20.00 FEE	\$ 20.00
ASSUMPTION FEE: Amount depends on lender	\$ -----
NOTARY FEE: \$2.00	\$ 2.00

*CHARGE FOR CREDIT REPORT IS NOT INCLUDED. Usually collected by
lender at time of application.

ESTIMATED TOTAL CHARGES \$ 2151.01

NOTE: Above figures are estimated and are subject to change and are NOT within control of Realtor or Agent.	To find: MGIC ins.: 1% of loan divided by 48; Amt. of daily int.: % of loan x amt. divided by 365 x no. of days
--	--

Attachment G

(SAMPLE C)

ESTIMATE OF PURCHASER'S SETTLEMENT CHARGES

Property located at 82013 Eazy St., Fairfax 22003 - VA no down payment

TITLE EXAMINATION: Based on Sales Price 3/4% of first \$50,000, plus 1/2 of 1% of all over \$50,000. Limited search or Bring down, 1/2 of normal charge. Minimum charge of \$200.00	\$ 375.00
TITLE INSURANCE: combination (OWNER & MORTGAGEE) is based on Sales price @ \$3.50 per \$1,000 plus \$7.50.	
Mortgagee policy is based on Loan amount @ \$2.50 per \$1,000.	\$ 112.50
TITLE INSURANCE APPLICATION: Usually \$25.00	\$ 25.00
RECORDATION OF DEED: \$2.00 per \$1,000 of Sales Price, plus \$9.00	\$ 109.00
RECORDATION OF FIRST TRUST: \$2.00 per \$1,000 of loan amount, plus \$10.00	\$ 110.00
PREPARATION OF PAPERS: Usually \$30.00 - None if VA	\$ -----
CLOSING FEE: Usually \$35.00 - None if VA	\$ -----
SURVEY: Usually \$80.00 - (DOES NOT INCLUDE STAKES: STAKES ARE \$15 - \$20 EACH)	\$ 80.00
INSURANCE ESCROW: Usually 2 months	\$ 20.00
INSURANCE POLICY: MUST be furnished at settlement with 1 year paid receipt - may be billed at settlement. (FIRE & HAZARD or "B" FORM)	\$ 120.00
TAX ESCROW: Lender will require at least 2 months of taxes to be held in escrow. The settlement statement may show a greater amount, but taxes will be adjusted on settlement sheet to reflect credit from seller to date of settlement.	\$ 100.00
LOAN PLACEMENT FEE: (POINTS) 1% of LOAN amount...	\$ 500.00
MGIC FEE: % of LOAN amount if balance amortized	\$ -----
APPRAISAL FEE: \$40.00 VA - \$40.00 FHA - Conventional - \$80.00	\$ -----
PHOTOGRAPHS: \$10.00	\$ -----
INTEREST TO 1ST OF MONTH: (Monthly payment always includes interest for one month in ARREARS) (settled on the 15th)	\$ 177.83
FHA OR MGIC MORTGAGE INSURANCE PREMIUM: Usually 2 months	\$ -----
MGIC APPLICATION: \$20.00 FEE	\$ -----
ASSUMPTION FEE: Amount depends on lender	\$ -----
NOTARY FEE: \$2.00	\$ 2.00
ESTIMATED TOTAL CHARGES	\$ 1729.33

NOTE: Above figures are estimated
and are subject to change
and are NOT within control
of Realtor or Agent.

Full title insurance would be \$182.50 - \$175.00 for the purchaser and \$7.50
for mortgagor. Settlement costs would then be a total of \$1,779.33.

Attachment H

(SAMPLE D)

ESTIMATE OF PURCHASER'S SETTLEMENT CHARGES

Property located at 82013 Eazy St., Fairfax 22003 - Assume @ \$50,000.00 sales price

TITLE EXAMINATION: Based on Sales Price 3/4% of first \$50,000, plus 1/2 of 1% of all over \$50,000. Limited search or Bring down, 1/2 of normal charge. Minimum charge of \$200.00	\$ 200.00
TITLE INSURANCE: combination (OWNER & MORTGAGEE) is based on Sales price @ \$3.50 per \$1,000 plus \$7.50.	\$ -----
Mortgagee policy is based on Loan amount @ \$2.50 per \$1,000.	\$ -----
TITLE INSURANCE APPLICATION: Usually \$25.00	\$ 109.00
RECORDATION OF DEED: \$2.00 per \$1,000 of Sales Price, plus \$9.00	\$ -----
RECORDATION OF FIRST TRUST: \$2.00 per \$1,000 of loan amount, plus \$10.00	\$ -----
PREPARATION OF PAPERS: Usually \$30.00 - None if VA	\$ 30.00
CLOSING FEE: Usually \$35.00 - None if VA	\$ 35.00
SURVEY: Usually \$80.00 - (DOES NOT INCLUDE STAKES: STAKES ARE \$15 - \$20 EACH)	\$ -----
INSURANCE ESCROW: Usually 2 months	\$ 20.00*
INSURANCE POLICY: MUST be furnished at settlement with 1 year paid receipt - may be billed at settlement. (FIRE & HAZARD or "B" FORM)	\$ 120.00*
TAX ESCROW: Lender will require at least 2 months of taxes to be held in escrow. The settlement statement may show a greater amount, but taxes will be adjusted on settlement sheet to reflect credit from seller to date of settlement.	\$ 100.00*
LOAN PLACEMENT FEE: (POINTS) 1% of LOAN amount...(If any, should be so stated on RMLS card)	\$ -----
MGIC FEE: % of LOAN amount if balance amortized	\$ -----
APPRAISAL FEE: \$40.00 VA - \$40.00 FHA - Conventional - \$80.00	\$ -----
PHOTOGRAPHS: \$10.00	\$ -----
INTEREST TO 1ST OF MONTH: (Monthly payment always includes interest for one month in ARREARS)	adjusted \$ to date of settlement
FHA OR MGIC MORTGAGE INSURANCE PREMIUM: Usually 2 months	\$ -----
MGIC APPLICATION: \$20.00 FEE	\$ -----
ASSUMPTION FEE: Amount depends on lender (In this instance, \$100.00 fee split between buyer and seller)	\$ 50.00
NOTARY FEE: \$2.00	\$ 2.00

*CHARGE FOR CREDIT REPORT IS NOT INCLUDED. Usually collected by lender at time of application.

ESTIMATED TOTAL CHARGES \$ 648.00

NOTE: Above figures are estimated and are subject to change and are NOT within control of Realtor or Agent

*the purchasers 'buy' the sellers escrow - this is a 'guesstimate')

Attachment I

THE SEVEN BASIC TYPES OF BUYERS

1. THE SELFISH BUYER

He/she is the greedy type. He/she wants a special deal, a better deal than anyone else. If his/her personality is controlled, he is ambitious; if not, he/she is a very difficult problem. Never give him/her a naked statistic. For example, he/she will generally ask the price the very first thing. The magic word with him/her is "INCLUDE." If you say the price is \$21,950, and that includes a finished recreation room, a screened porch, and fully equipped kitchen with range, refrigerator, dishwasher and disposal. The price also includes this lovely quarter acre lot and landscaping.

2. THE FRIENDLY BUYER

He/she is optimistic, energetic, full of bounce. He/she will give you his/her name right away, ask for yours, will be excited and enthusiastic about the house, will indicate that this is a lot of house for the money, will be surprised at all the things that go with it at the price, will talk about baseball or football, and will end the interview with a promise to be back Tuesday night to sign a contract. He/she will not show up on Tuesday night. The magic word with him/her is "SUMMARIZE." With this one, you must be friendly, and businesslike, and keep bringing him/her back to the business at hand. If he/she makes a remark along the lines that "Boy, haven't the Senators done a terrific job this year"; your answer will be "Yes, they have done a terrific job, and so has this builder in producing a

lovely home like this for only \$21,950." Memorize the questions you want to ask. How do you like the colors of these bedrooms, do you like the breakfast nook in this kitchen, do you like the trees on this lot, do you like this neighborhood? Make notes of all the answers. Then, when you are ready to close your summarization of this house, say, "It has the three bedrooms and two baths you need, it has the colors you like, it has the breakfast nook you are looking for, it has the recreation area you need for your children, and it has the patio and outdoor living area you like: Then ask for his/her deposit.

3. THE WORRIER

He/she has a whiny voice, is pessimistic and emerges with 1,000 problems. He/she is afraid the Standard Oil Company will erect a garage next door. He/she is afraid he/she won't like his/her neighbors. He/she is concerned that prices will come down. The magic word with him/her is "REASSURE." You keep reassuring him/her about all the things he/she is worried about. If you get in his/her confidence, he/she will stick with you and will buy from you because he/she trusts you. You are the one who will go to bat for him/her because he/she won't trust the builder, and you will reassure him/her and you will see that all things are done that need to be done to finish the house to his/her satisfaction.

4. THE SHY TYPE

He/she is very often artistic, and he/she is an egghead. It will take him/her a while to start talking. Be a good listener,

don't overpower, and particularly, do not get personal. Be somewhat standoffish with him/her. If he/she asks about the neighbors, don't say, "You will love them." He/she is a deep thinker. The magic word is "SANDWICH." Try to sandwich in the names of neighbors and what has happened to them in the subdivision. Mrs. R. across the street put a table in this corner. Mr. Johnson, next door, enclosed his patio and created an outdoor living room. Always be business-like with this man or woman.

5. BELLIGERENT

DON'T ARGUE WITH HIM/HER. The magic phrase is "YOU ARE ABSOLUTELY RIGHT." Let him/her win every argument because he/she must save face at all costs. He/she will probably walk up to you with arms folded and ask, "What crazy builder would put these houses out in a God-forsaken area like this?" You answer, "Yes, this is absolutely right--this area is somewhat removed, but it does offer a lot of seclusion for quiet living." You emphasize the "YES, but" with this person.

6. THE DETAIL MINDED

He/she is usually an engineer, an accountant or a lawyer. They are intolerant of the other six types. These people are doers--they are the ones who build bridges, roads through the wilderness, IBM machines, etc. The magic word is "PATIENCE." The way to handle him/her is to answer all his/her questions specifically. Whenever he/she asks a question you can't answer, write it down, and then, without fail, write him/her a letter within 24 hours. After the

introduction in the letter, you say, "You asked several questions I couldn't answer, and these are the answers that I have obtained for you." After answering all of these questions, state, "There are several additional features that we didn't get a chance to cover when you looked at the OPEN HOUSE. If you can come out Wednesday night, I will be there from 6:00 until 8:30, and I would like to point these out to you at that time." The odds are excellent that he/she will be there, or he/she can't make it that night. Remember, he/she sticks to details.

7. THE HIGHLY CONTROLLED TYPES

He/she loves tradition, lives by a strict code of rules all the time, will not deviate, like nothing new, dresses for dinner, is cold, severe, the State Department type. Don't get personal with him/her either. To sell him/her, you show that this house is not better than a traditional house, but is an improvement because he/she feels that nothing ever changes. It only improves slightly. The magic word is "CONSERVATISM."

SUMMARY

Try to memorize these seven basic types. If you can learn how to control them, you will make more sales of all types of property because you will appeal to their intelligence, you will do the things that they appreciate; and, in fact, you will probably be the only salesperson who is rendering them a true service.

UNIT XXV: QUALIFYING AND KNOWING THE PURCHASER AND THE PROPERTY
(Continued)

COMPETENCY STATEMENT:

After completing this lesson, the student will be able to:

1. Follow the guidelines provided in qualifying and showing homes;
2. Apply the techniques presented for knowing his/her product better, using recommended sources of product information;
3. Complete with 80% accuracy the quiz, "Checkup for Qualifying and Knowing Purchaser and Property"; and
4. Implement selected activities from the Application Commitment Plan for Units XXIV and XXV.

RECOMMENDED RESOURCES:

National Association of Realtors, Realtors Institute Reference and Practice Book: Vol. I. Chicago: National Association of Realtors (1977). Chapters 9, 10, and 11:

O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company (1978). Chapters 6 thru 12.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press (1978). Chapters 7 thru 12.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed. Cincinnati: Southwestern Publishing Co., (1979). Chapter 21.

CONTENT OUTLINE

- I. Review Unit XXIV
- II. Qualifying and Showing Homes
 - A. Create a desire, an urgency, a need.

TEACHING SUGGESTIONS AND REFERENCES

Tie Unit XXIV material to what will be covered in Unit XXV.

Tell group that you get action only when you have solved a problem or fulfilled a need.

B. Select a few homes that come closest to meeting needs and desires as you perceive them.

C. Don't be afraid to admit that you're new at the game and not too familiar with a certain area.

1. Make the best of it if you get lost.

Suggest laughing it off and telling the purchasers you just wanted them to see the entire area.

2. Admit that you don't know, but follow through on finding out.

State not to hedge - that people respect honesty, and few really expect you to know everything.

D. Be especially careful in qualifying property for the out-of-town purchaser.

Cite the example of having a buyer who must make an immediate decision, must buy VA, and will have his/her family with him/her and his/her furniture on the way when he/she returns to the area.

Emphasize not to show him property that is not appraised and certainly not in an area where the appraisals have been coming in low.

Ask where it leaves you when: he/she finds the perfect house, signs a contract, and is on his/her way then, the appraisal comes in low, the owner won't come down, and you can't contact the purchaser.

Bring out that you are minus one sale and have a mad buyer on your hands; in his/her mind it is all your fault.

E. Do a thorough job of preparing for the showing of a home.

1. Note especially any features about the house or its location that may help to make the sale.
2. Get out a map and plan the most strategic route to follow. Suggest taking purchasers past historical landmarks, homes of their friends, shopping areas, schools, clubs, and churches.
3. Give the seller information on how to prepare to sell his/her home. Distribute and go over with class "Helpful Hints in Selling Your Home," or use instead "Showmanship."

F. Stay in the "driver's seat" on the way to the property.

1. Try to get the purchasers to talk about themselves rather than discussing the property. Ask why.
2. Have them make notes if you've just shown them a home so they can easily remember what they have seen. Recommend finding one distinctive feature of each house and identifying with that, such as the swimming pool house.
3. If they insist on talking about the house to be shown:

- a. Gloss over the most attractive features, pointing up the less attractive and letting them defend the house.
- b. Don't get overly enthusiastic, as they want to discover the house for themselves. Note not to oversell.
- c. Avoid running down a house to be shown that you personally dislike. Point out that it may be just what they want or the second choice they have to take.
- 4. Stop in front of the house or use any driveway or drive up to any garage. Mention that some feel you should park across the street to get the full view.
- G. Show the property properly. Distribute and review with class "Showing the Property Properly."
- H. Arrange for a showing when you pass a "for sale" sign for a property in which the purchasers are interested, but which was not included in the tour.

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1. Have the latest bulletins with you so that you can locate the property on the area or price sheet, or
2. Leave the buyers in the car and knock on the door, explaining that you have people with you asking for a showing.
3. Use the lock box and call the company to get the information if no one is at home.
4. If "appointment only" is on the sign, knock on the door and ask for an appointment, hopefully, an immediate one. Tell group the owners usually will let you in, but you do take the risk that they will be unpleasant; if so, apologize and leave.

III. Knowing Your Product Better

- A. Get out and see it. Stress that this is the only way to know your product; just sitting around the office is not going to teach you anything or put money in your pocket.
- B. Take a different area or price range or both every day and learn everything you can about it, making notes for future referral.

- C. Find out what the homes are renting for in order to be ready to answer the possible objection that maybe the purchaser should rent and not buy. State to use phrases such as these: "All that money down the drain!" "No income tax deductions!" The owner may suddenly want to have his house back, and you will have to move again. "Do you realize that by paying \$350 a month, at the end of 3 years you have thrown \$12,600 into someone else's pocket?"
- D. See at least five houses a day-- inside and out. Point out that owners seldom object if you call them ahead of time and tell them you would like to come by and see their home prior to informing a purchaser about it.
- Add that most owners feel this is the intelligent approach and will respect you for it, being more than willing to show you through and giving you any and all kinds of information.
- E. Be sure to see all of your company listings and everything within at least a five-block radius, regardless of price range.
- F. Find comparables in other prices and locations for unusual houses.
- G. Look around for schools, churches, shopping centers, libraries, and the 7-11. Mention that no one wants to live too near a shopping center, but they would like an invisible 7-11 at the corner for convenience.
- H. Find out if children walk to school or go by bus; if by bus, where it stops.

- I. Ask the owner where city or county buses go and about the service.
- J. Remember not to concentrate just on homes you like personally. State that if we sold only homes we liked, we would never sell anything.
- K. Ask the owner what made him/her buy that specific home, using such reasons as selling points.
- L. Look at the surrounding area. Call for questions about area.
1. Is it down-graded or upgraded?
 2. Is it the one new house in an older, declining area?
- M. Know not only how to get to where you are going, but how to get to the next place and the next.
1. Know the main roads and the shortcuts.
 2. Find out how to avoid the "for sale by owner" signs. Note that you cannot avoid all the time going by an owner's sign (no matter how much homework you have done) as one may have gone up overnight.
- N. Deal with the cards. Point out that this has been a controversial subject for years - do we do away with the cards or the dot sheets or both?

1. Consider the convenience of the cards and the availability of the pictures (however bad these may be).
2. Use the cards as comparables when listing or presenting a contract.
3. Do not show them to the purchaser ahead of time, but have them with you, including:
 - a. The homes you are going to show.
 - b. Those within a 10,000 dollar price range. State that if the purchaser decides to change price and/or area after looking at a few houses, you have your "stock" with you and do not have to take more valuable time going back to the office; you can make up a new tour in minutes.
4. Study the disposition sheet so you can keep up with the trend of the market. Note that it definitely has a pendulum effect.
 - a. Keep track of what homes have sold for

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in the
areas of
your
listings.

- b. Use the sheet when trying to explain to a purchaser that the home considered is not overpriced. Mention that you have the report of one that just sold.

5. If you don't want to bother with all the cards, throw away those under \$20,000 and over \$100,000. Tell class that the office file and the dot sheets will have the information you need.

6. Remember that you cannot rely solely on the computer. Explain that it is not a current list because information is not fed in as soon or as accurately as it should be; it can be a great tool for comparables and other information, however, if you learn to use it correctly.

0. Go out and look at all the subdivisions whether you can sell them or not.

1. Know what purchasers are talking about when they refer to these subdivisions.
2. Remember that some builders will give your company a "finder's fee."

3. Consider reasons for not buying a house in a subdivision, but don't "knock" the house.

Point out that if you "knock" it, sure as shootin' it will be listed by your company next week or made available through M/L.

Stress never to back yourself in a corner you can't get out of.

IV. Knowing the Facts and Facets of Financing Your Product

- A. Find out the most advantageous method of financing for both buyer and seller.

Cite the value of being able to ask the purchaser, "Do you know the difference between 7 1/2% and 7 3/4% on a \$30,000 mortgage for 30 years is only \$5.40 a month? Would you let that amount stand between you and the home you want?"

- B. Know the different types of FHA and the formula.

- C. Know why finance MGIC.

1. Say to purchasers: "You can buy with a smaller amount of money invested; by amortizing the allowable amount of the MGIC, your closing costs are about the same as FHA, and you still have that nest egg."

Tell group that this is a boon to young people just starting out who have little cash on hand but make a good size combined salary and want to get their own home; the interest rate doesn't seem to bother them as long as they have enough money to get in and can afford the monthly payments.

2. Know the current interest

Ask why, bringing out that interest rates may change tomorrow.

rates, but
don't
guarantee
anything.

D. Don't forget the
assumption and the
second trust.

1. Find out the
amount of
down payment -
a larger
amount than
the 5% to
10% for MGIC.

2. Find out the
amount of
monthly
payment.

3. Then, forget
price.

State to look above the price
quoted as what they felt they
could pay; you may find a home
with a high loan at a lower
than current interest rate
that, with the down payment
stipulated, will be just what
the purchasers are looking for -
a better house with the same
amount of money outlay and the
suitable monthly payments.

4. Don't knock
your head
against it
when you hit
a blank wall
- find out
what they
want and sell
it to them.

Point out that some people have
a hang-up on price; they cannot
see the same cash outlay and
monthly payments; all they can
see is a house priced higher
than they want to pay.

5. If a second
deed of trust
is required,
adjust the
payments to
suit the pur-
chaser and
then try to
adjust the
seller.

Refer to "Figuring Financing
Examples," showing these on the
board or distributing and
explaining the handout sheet.

Instructor's Note: You should
check for local format and
current/realistic selling prices
and interest rates for your
illustrations.

E. Keep up with the current market.

1. Read everything you can about financing and the trends.

2. Know and be able to discuss sensibly discount points.

Mention previous discussion of discount points.

F. Don't let the purchaser (or his/her friend) tell you that he/she can get a higher loan and lower interest rate because he/she knows someone in the bank or is a big depositor.

Explain that this isn't so; that the agent should say his/her company will do a comparison check and get the best available loan; the broker or the processing department usually can get a much better loan than an individual can.

V. Summarizing and Applying Units XXIV and XXV

A. Checkup: Qualifying and Knowing Purchaser and Property

Distribute and assign this quiz to complete by the next class session.

B. Application Commitment Plan: Qualifying and Knowing Purchaser and Property.

Have group complete this and sign it.

VI. Supplemental Materials

Attachment A

Helpful Hints in Selling your Home

Attachment B

Showmanship Helps Your Home Sell Faster

Attachment C

Showing the Property Properly

Attachment D

Figuring Financing Examples

Attachment E

Qualifying and Knowing Purchaser
and Property

Attachment F

Answers for Checkup

Attachment G

Application Commitment Plan

Attachment A

HELPFUL HINTS IN SELLING YOUR HOME*

NOW that we have placed your house for sale, we ask that you read a few helpful hints that will make the selling of your house an easier and more pleasant task for us and you, the home owner.

SELLING a house is not unlike selling any other commodity. People shop and buy best in well-organized stores. Houses are no exception.

CHECK all the closets in your home and make sure that every one is in good order and not cluttered. Carefully arranged closets will appear to be much larger than they really are.

REPLACE all burned out light bulbs and repair all faulty light switches. Little things sometimes hinder a sale more than a large repair. Badly cracked plaster, loose door knobs, crooked light fixtures are among the small items that are easily repaired and cause the most embarrassment and give a bad impression.

BE SURE to arrange shades or drapes to get a maximum amount of light in dark rooms. Light colors will add cheerfulness in dark kitchens and pantries.

BE SURE to supply us with accurate figures on taxes, fuel bills, and tell us of any major improvement lately done, such as a new roof, etc.

WHEN one of our sales representatives is showing your house to a prospect, never volunteer any information unless asked, and then supply only the essential facts.

BUYERS ask a great many questions of our representatives when being shown through a house and want to do this out of hearing of the home owner. They feel more at ease, so it is much better that the inspection proceed without your immediate presence.

REMEMBER that if an offer is made that is acceptable, it is better to accept it on the spot. It may never be repeated.

*"Helpful Hints in Selling Your Home." Brochure prepared for Skinrood Real Estate, Inc., Falls Church, Virginia.

Attachment B

SHOWMANSHIP HELPS YOUR HOME SELL FASTER*

LET YOUR HOME SMILE A WELCOME TO FOLKS
WHO WANT TO BUY

We have your home for sale because you want to sell it. With a little effort on your part, this can be accomplished more quickly and at a better price. Arouse the prospect's desire for your house by making it attractive. Here are 20 tested tips to help us show your home to its best advantage. Some of them may be applicable to you or your home. We find our efforts are most successful when the stage is well set.

Preparation for showing

1. First impressions are lasting impressions. An inviting exterior insures inspection of the interior. Keep your lawn trimmed and edged - the flower bed cultivated - the yard free and clear of refuse. Remove snow and ice from the walks and porch stoop in winter time (if it applies in your territory).
2. Decorate your home - a step toward a SALE. Faded walls and worn woodwork reduce desire. Do not tell the prospect how the place can be made to look - show him by redecorating first. A quicker sale at a higher price will result.
3. Cleanliness is next to godliness. Bright, cheery windows and unmarred walls will assist your sale.
4. Fix that faucet. Dripping water discolors the enamel and calls attention to faulty plumbing.
5. A day with the carpenter. Loose door knobs, sticking drawers, warped cabinet doors and the like are noticed by the prospect. Have them fixed.
6. From top to bottom. The attic and basement are important features. Remove all unnecessary articles which have accumulated. Display the full value of your storage and utility spaces.
7. Step high - step low. Prospects will do just that unless all stairways are cleared of objects. Avoid cluttered appearances and possible injuries.

*"Showmanship Helps Your Home Sell Faster". One of eight sales pamphlets from the National Institute of Real Estate Brokers of the National Association of Real Estate Boards. Real Estate Handbook. Chicago: National Association of Real Estate Boards. 1969. pp. 85-86.

8. Closet illusions. Clothes properly hung, shoes, hats and other articles neatly placed, will make your closets appear adequate.
9. Dear to her heart is the kitchen. Colorful curtains in harmony with the floor and counter tops add appeal for the Lady of the House.
10. Check and double check your bathroom. Bright and clean bathrooms sell many homes.
11. For the rest of your life. Bedrooms are always outstanding features. Arrange them neatly.
12. Can you see the light? Illumination is a welcome sign. For after dark inspection, turn on your lights, from the porch on through. The prospect will feel a glowing warmth otherwise impossible to attain.

Showing the house

13. "Three's a crowd." More will lose the sale. Avoid having too many people present during inspections. The prospect will feel like an intruder and will hurry through the house.
14. Music is mellow . . . but not when showing a house. Shut off the radio - it distracts. Let the salesman and the buyer talk, free of such disturbances.
15. Love me, love my dog does not apply in house selling. Keep pets out of the way - preferably out of the house.
16. Silence is golden. Be courteous but do not force conversation with the prospect. He/she is there to inspect your house - not to pay a social call.
17. Be it ever so humble. Never apologize for the appearance of your home. After all, it has been lived in. Let our trained salesperson answer any objections that are raised. This is his/her job.
18. In the shadows. Please do not tag along with the prospect and the salesperson. He/she knows the buyer's requirements and can better emphasize the features of your house when alone. You will be called if needed.
19. Putting the cart before the horse. Trying to dispose of furniture and furnishing to the prospect before he/she has purchased the house often loses the sale. Proper timing is important.

20. A word to the wise. Do not discuss price, terms, possession or other factors with the customers. Refer them to us. We are better equipped to bring the negotiation to a favorable conclusion with all due dispatch. We ask that you show your house to prospective customers only by appointment through this office. Your cooperation will be appreciated.

Attachment C

SHOWING THE PROPERTY PROPERLY

1. Keep in mind the goals of a successful showing - to:
 - a. Kindle the purchaser's interest and desire
 - b. Learn more about your prospective purchaser
 - c. Impress him/her with your honesty, accuracy, and sincerity.
2. Be prompt! If you have to pick up a key, gas up the car, no matter what it is, do it early so you will not keep a purchaser waiting. Be early! Keep a book in the car so you can read if you have to wait, but be there first.
3. Show your best house in the middle or at the end of your tour - not at the first - so that the purchaser may see a comparison house first.
4. Avoid taking friends and relatives on the tour, using questions such as:
 - a. "No two people have the same taste. Would you be happy in your friend's surroundings?"
 - b. "Who is going to live in the house - you or your cousin?"
 - c. "The fewer opinions you have from others, the easier it will for you to make your own selection. Don't you agree?"
 - d. "Why not have your aunt keep your children for a few hours so you can really concentrate and make the right decision for you and your family?"
5. If the purchasers have bothersome children, try to suggest tactfully that they arrange for a babysitter or a nursery. (If this is not possible, you watch the children while the parents look at the house.)
6. Don't go into the house with a lighted cigarette or cigar and tactfully suggest that the purchasers not smoke while in the house.
7. Try to go ahead of the purchaser and turn on all the lights (if the owner has not done so) and then stand out of the way. (Nothing makes a room look smaller than a crowd of people huddled in it.)
8. If the owner is present, avoid entering into a conversation with him/her. If the owner wants to show you around, tell him/her you are familiar with the floor plan and will ask if you need assistance. If questions must be asked, excuse yourself and get the owner aside. If questions must be answered and the owner (hopefully) is not present, obtain the information and call the purchasers (a good opportunity to keep in contact with the purchasers).

9. Know enough about the house to demonstrate its special features. Extras and built-ins sell houses; people buy draperies, built-in ovens, and bathroom counter tops, as well as real estate.
10. Do not rush through a showing. It should be a relaxed tour, not a hurried event.
11. Follow these guidelines when showing property:
 - a. Listen for every clue dropped by prospective purchasers which indicates interest or objections. Watch the eyes and facial expressions of the purchasers to detect reactions.
 - b. Include your purchasers in your comments by using such togetherness words as "we" and "ours," putting yourself in the reactions experienced by the purchasers.
 - c. Pause when you reach a room you want the purchasers to study, using your eyes and gestures to draw their attention to special features.
 - d. Let the purchaser absorb the details and features without distracting conversation - do not talk more than absolutely necessary.
 - e. Lead the purchaser's thinking by asking a few choice questions designed to stimulate his/her desire to own the property and to obtain "yes" responses.
 - f. Dramatize with quiet showmanship every feature. Imagine the family living there, seeing the home through the purchaser's eyes.
12. Avoid concrete discussions of price until the purchaser is convinced that a certain house is the right one. (Before demand is created, any price will seem too high.)
13. If a great deal of interest is shown, find a place in front of the point that attracted the purchasers most and suggest they may wish to rest and relax a few minutes (the view from the kitchen window, the hominess of the fireplace wall in the recreation room, the privacy of the lovely yard). Let them drink it all in - in silence, and let them start talking.
14. Don't suggest looking further if this is the house for them, but do bring out the contract. If this is not the house, go on to the next, but ask the purchasers to make notes and find out what it was that "turned them off."
15. Check before you leave to make certain that all lights are turned off, all doors are locked, and pets have not been left outside when they are supposed to remain inside.

Attachment D

FIGURING FINANCING EXAMPLES

1. On an assumption, for example, this is what can be done. Naturally, you have to find an owner who does not need his/her money and be willing to be a "banker." It is a great investment for the seller if he/she can afford it. To protect the seller, it is written into the contract that the buyer must have a satisfactory credit report, acceptable to the seller, and all financing held by the seller is deemed unassumable without the seller's written approval.

Case a.:

Sales price:	\$42,000	
Down payment:	3,000	(sufficient to cover 6% commission and closing costs for seller)
Ln. assumed:	2,400	
2nd trust:	30,000	(amortized on a 25 year basis but due and payable at the end of 15 years)
3rd trust:	7,100	(balloon note due and payable at the end of five years)

Naturally, when the existing first trust is paid off, the now 2nd and 3rd trust become 1st and 2nd. This was presented to the owner by immediately asking him if he would like approximately \$65,000 for his house! The figure stuck in his mind and is pretty hard to turn down.

Case b.:

Sales price:	\$45,000	(cash on hand \$900 to cover closing, hopefully)
Borrowed from medical credit union:	1,500	
Note:	1,000	(unsecured, noninterest bearing note due in 3 months)
3rd deed of trust (secured):	2,500	
2nd deed of trust (secured):	12,000	(held by seller; both balloon notes due and payable in five years)
1st trust assumed:	28,000	

Both cases a. and b. are highly unusual, but actual sales and terms. Both purchasers were highly qualified.

2. If you have a VA buyer who is reluctant about paying over the VA appraisal, won't share points, etc., get out your pencil and paper and point out the following: (See below.)

<u>MGIC 5%</u>	<u>VA (already appraised)</u>
48,000	\$50,500 (5 pts. plus extra for commission, etc.)
2,400 down payment	48,000 1st trust @ 7 3/4
45,600 1st trust @ 9%	<u>2,500</u> down payment
plus 1/4 MGIC	2,020 approx. closing (4%)
2,400 approximate closing costs (5%)	
366.92 principal and interest	343.56 PI
9.30 MGIC	
376.22 PI & MGIC	Cash outlay: \$4,520
1 1/2% MGIC amortized	Monthly saving: 32.66
Cash outlay: \$4,800	
	If not appraised, try at full price. If it appraises, the cash outlay is only \$2,020 with still a monthly saving of \$20.60.

When you put money in a person's pocket, his/her objections suddenly disappear! Use this as one of your sales tools to put a contract together.

Attachment E

CHECKUP: QUALIFYING AND KNOWING PURCHASER AND PROPERTY

A. Qualifying the Prospective Purchaser

Circle the letter of the one correct answer for each of the following:

1. The best time to ask qualifying questions is:
 - a. while you are showing homes;
 - b. while you are driving to the properties to be shown;
 - c. before you take the purchaser to properties;
 - d. before you get to know the properties to be shown.
2. "How long have you been looking for a home?" should be asked because the answer to this question will give you a clue as to:
 - a. what motivates the prospective purchaser to buy;
 - b. the family's lifestyle;
 - c. the real need of the prospective purchaser, the house he/she wants;
 - d. whether the purchaser is a constant looker or one who really needs help.
3. A real estate salesperson always should ask what style home the family prefers because:
 - a. it is important to show people first what they think they want;
 - b. most people know what they really want;
 - c. most people can indicate their living habits by answering this question;
 - d. it is important to show interest in the customer's preferences after showing them a few homes.
4. It would be a mistake to:
 - a. qualify by phone before talking with the purchaser in person;
 - b. use the term "invest" rather than talk about how much the purchaser can pay;
 - c. judge the purchaser by his/her occupation;
 - d. inquire about personal matters, such as debts.

B. Handling Prospective Purchasers: How to Control the Situation

For each of the following, indicate that it is true (T) or false (F) in the space provided.

5. _____ The most effective technique to use with prospective purchasers who live in the community is to keep in touch constantly, informing them of your progress and activities in seeking the right home for them.
6. _____ If an out-of-town purchaser has lived in the community previously and says he/she does not want to return to his/her old neighborhood, you should not show him/her any properties in that area.
7. _____ It would be foolish and unprofitable to take an out-of-town purchaser to homes that you cannot sell, even if you have exhausted everything else.
8. _____ The magic word in dealing with the belligerent type buyer is conservatism.
9. _____ It is essential to keep the friendly buyer on the subject, summarizing frequently.
10. _____ The magic word with the selfish buyer is "include," while the magic word with the worrier is "reassure."
11. _____ You should "sandwich" in selling points with the detail-minded buyer and use the "yes, but" approach with the shy type.

C. Qualifying and Showing Homes

12. Describe briefly what can happen if you are not careful in qualifying property for the out-of-town purchaser.
13. Explain why you have been advised not to become overly enthusiastic about a property while you are driving prospective purchasers to the house for a showing.
14. What can friends and relatives of the prospective purchaser do to "kill" a sale? Why do they do this?

15. Identify at least one way of dealing with the situation when the prospective purchasers have bothersome children who are interfering with the showing of homes.
16. Identify at least one way of handling the owner when he/she is present during the showing of the home in spite of being told of the disadvantages of doing so.
17. Why is it vitally important for the salesperson to avoid talking more than absolutely necessary during the showing of a home?

D. Knowing Your Product Better and Knowing Product Financing

For each of the following ways of knowing your product better, state the reason for doing each.

<u>Ways of Knowing Your Product Better:</u>	<u>Reason for Doing This:</u>
---	-------------------------------

- | | |
|---|--|
| 18. Find out what homes are renting for. | |
| 19. See at least five houses a day - inside and out. | |
| 20. See all of your company listings and everything within at least a five-block radius, regardless of price range. | |

Ways of Knowing Your Product Better:

Reason for Doing This:

21. Remember not to concentrate just on homes that you personally like.
22. Ask the owner what made him/her buy the specific home.
23. Use the cards.
24. Go out and look at all the subdivisions.
25. Keep up with the current financing market.

Attachment F
Answers for Checkup
Units XXIV and XXV

Answers for Checkup

Units XXIV and XXV

- A. 1. d 3. a
2. d 4. c
- B. 5. True 9. True
6. False 10. True
7. False 11. False
8. False
- C. 12. The appraisal may come in low, and the owner won't come down in price. You can't contact the buyer, you are likely to be minus one sale, and have a mad buyer on your hands when he/she finds out what happened.
13. The prospective purchasers like to discover the house for themselves. They may not share your enthusiasm when they see the house.
14. Friends and relatives may talk prospective purchasers out of buying a house they really like. This may happen because the friends or relatives are really jealous that the purchaser is about to own a home better than that of the friends or relatives.
15. Suggest tactfully that the prospective purchasers arrange for a babysitter or nursery or have friends or relatives care for the children. If none of these alternatives is possible, watch the children yourself so that the purchasers may concentrate on looking at the houses on the tour. Always have activity materials on hand to amuse the children.
16. Explain to the owner that you are familiar with the floor plan and will ask questions if necessary. If he/she persists on being present at showings, call the listing agent and suggest that he/she discuss again with the owner the benefits of not being present during showings.
17. Because prospective purchasers like to discover a house for themselves, it is best to let them do the talking, getting clues from their reactions concerning readiness to close the sale or move on to the next house.

- D.
18. To be ready to answer the possible purchaser objection that maybe he/she should rent and not consider buying.
 19. To be prepared to discuss the house prior to informing a purchaser about it; to be ahead of the game and do a better job of describing a property.
 20. To know your own products better and to be familiar with everything prospective purchasers are likely to notice or be interested in if they come to see a particular home in a particular area.
 21. If we sold only homes we liked, we would never sell anything. Your taste is not likely to be that of a prospective purchaser.
 22. Use reasons that caused the owner to buy the specific homes as selling points with prospective purchasers.
 23. Consider the convenience of the cards and the availability of the pictures. Use the cards as comparables when listing or presenting a contract.
 24. To know what the purchasers are talking about when they refer to the subdivisions. Remember that some builders will give your company a "finder's fee." Consider why not buy in a subdivision.
 25. Financing information is related to knowing your product better and can make the difference between making a sale and losing it. You need to know the best financing arrangement for the particular situation. Financing factors change rapidly, requiring keeping up to date constantly.

Attachment G

APPLICATION COMMITMENT PLAN:

QUALIFYING AND KNOWING PURCHASER AND PROPERTY

I agree to carry out the following activities, designed to apply principles presented in Units XXIV and XXV.

Check Activities to
be Carried Out:

1. Keep beside the phone and use a list of questions to ask in qualifying prospective purchasers who call the office.
2. Find out by phone and/or in person just why the purchaser is moving and what is his/her real need by seeking answers tactfully to qualifying questions.
3. Make certain that closing costs and points are understood or that buyers and sellers have copies of explanations in writing.
4. Practice the techniques recommended in handling the seven basic types of buyers.
5. Keep constantly in touch with local prospective purchasers.
6. Stay with out-of-town prospective purchasers until a decision is made.
7. Follow guidelines for showing property properly.
8. See at least five houses a day - inside and out.
9. See all of my company listings and everything within at least a five-block radius.
10. Ask owners why they bought their houses and convert these reasons into selling points.
11. Keep up to date with financing trends and methods.

Signed _____

Application Record

(Keep in Notebook)

UNIT XXVI: OBTAINING PROSPECTIVE PURCHASERS

COMPETENCY STATEMENT:

After completing this lesson, the student will be able to:

1. Recall the major sources of prospective purchasers;
2. State for each way of making the most of open house opportunities at least one activity on his/her part that can help accomplish this;
3. Complete with 80% accuracy the quiz, "Checkup for Obtaining Prospective Purchasers"; and
4. Implement selected activities from the Application Commitment Plan for Unit XXVI, keeping a record of such experiences.

RECOMMENDED RESOURCES:

National Association of Realtors, Realtors Institute Reference and Practice Book: Vol. I. Chicago: National Association of Realtors (1977). Chapters 9, 10 and 11.

O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company (1978). Chapters 6 thru 12.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press (1978). Chapters 7 thru 12.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed. Cincinnati: Southwestern Publishing Co., (1979). Chapter 21.

CONTENT OUTLINE

TEACHING SUGGESTIONS AND REFERENCES

- | | |
|---|---|
| I. Review Units XXIV and XXV | Discuss Units XXIV and XXV quiz and experiences in applying the Application Commitment Plan for Units XXIV and XXV. |
| II. Seeking Sources of Prospective Purchasers | Ask class for these as an overview of major sources. |
| A. Build your referral business. | |

- B. Locate purchasers through listings.
- C. Find purchasers from floor duty.
- D. Make the most of open house opportunities.
- E. Buy prospects from other agents.

III. Building Your Referral Business

Stress that referrals are your best source of buyers and sellers.

- A. Begin with relatives, friends, and acquaintances from your past associations.
- B. Remember that any satisfied purchaser or seller is a potential friend and referral source.

State to make everyone you know aware of your new career, but to expand to others, building a base for future referral business.

- C. Focus on the people whom you meet and serve rather than on property.

Point out that those who concentrate totally on property do not succeed or remain in the profession very long.

- D. Establish good relationships with people.

Note that this includes adhering to the Realtor's Code of Ethics, as well as demonstrating those personal qualities that attract others.

- E. Maintain accurate follow-up records.

1. Index all potential referral centers.
2. Make contact with them in person or by announcement cards.

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3. Set up a follow-up schedule with a tickler file so you will remember to contact them at least three or four times each year with:

- a. Personal Mention congratulations on a notes of promotion or thanks for sending interest. someone.
- b. Christmas cards
- c. Cards Call for examples of these. for other special occasions. Emphasize the importance of making the time to send personal notes (when possible, written by hand).

F. Consider small gifts after settlement when a referral leads to a sale.

G. Hand out your business cards freely. Tell group always to leave one when you look at a house or show it - every time.

- 1. Give cards to everyone with whom you come in contact - anyone who asks your name.
- 2. Take cards to parties, weddings - anywhere people will be present - and pass them out.

3. Be sure all
your friends
keep a good
supply of
your cards.

H. Go beyond the call
of duty in helping
purchasers endure
the difficult
processing days of
a real estate sale.

1. Have the Develop the problems from group.
patience to
live with
and help your
customers
over the
emotional
hurdles
involved in:
 - a. Mortgage
financing
 - b. Construc-
tion
delays
 - c. Moving
problems
 - d. Title
complications
 - e. Interest
rate
changes
 - f. Discount
points
and
unexpected
costs
 - g. Third Ask what these might be.
party
influences
2. Demonstrate
understanding,
a determina- 385
tion to

unravel problems, and effective communication with people even when they are upset.

- I. Show buyers and sellers that you can be believed. Stress that one false statement or unkept commitment can haunt you for years.

1. Don't make promises you cannot keep.
2. Don't make statements you cannot defend.
3. Don't bluff your way through when you don't know the answer.

- J. Put yourself in your clients' shoes. Show visual, "Putting Yourself in Your Clients' Shoes."

Suggest demonstrating empathy by phrases such as "I know how you feel" and by always beginning from their point of view - not your own.

- K. Take care of the little details, giving extra service.

1. Take time to see that the things purchasers need and the information you can provide are offered to them.

2. Let them know
in advance:

- a. How to
obtain a
driver's
license
in your
state if
they are
from
another
state.
- b. The names
and
telephone
numbers
of those
who can
help
them in
emergencies.

3. Consider pro-
viding "moving
kits" with
packing labels,
facts on how
to arrange
the transfer,
etc.

L. Dare to be
different.

Show visual, "Dare to be
Different."

State, "Your uniqueness is your
principal marketing tool."

1. Accent your
own person-
ality - be
individually
different to
be remembered.

2. Give to others
the four
"vitamin A's"
that make
them feel
better, more
important,
and more
comfortable:

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- a. Attention
 - b. Acceptance
 - c. Approval
 - d. Appreciation
3. Say thank you in imaginative ways when the sale is closed and the purchasers have moved into the new home. Cite the following examples of different ways of showing appreciation: hiring a maid to assist the buyers the day of the big move and providing a "care" package of a new broom, a bottle of champagne, and a special assortment of food.
4. Consider other appropriate gift items, personalizing these to fit the type of people: Suggest when delivering such gifts to inquire about others who may be moving soon and to let the purchasers know you are interested in their future real estate needs.
- a. Stationary with new address shown.
 - b. Door name plates
 - c. Flowers
 - d. Plants for the yard.
 - e. Flag and flagpole attachment
 - f. Gift certificate for dinner at a fine restaurant.

- g. New mail box with name and address.
- h. Door mats
- i. Special items for knickknack shelves.

M. Remember the rewards of building a solid referral business.

Summarize referrals by pointing out: If you are listing two properties a month and selling two properties a month...and if each person knew only 10 people well...you would add more than 40 each month to your referral centers. In 2 or 3 years, the number would exceed 1,000 people.

1. Keep in mind that referrals are the least expensive source of business and the most profitable in terms of yield from hours invested.

Tell group that studies have shown it takes many floor calls on classified ads to net one closed sale; whereas it takes only two referrals to net one closed sale.

2. Be aware that referrals come to you on a platform of confidence established by:

- a. Your reputation
- b. The recommendations of a mutual friend.

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3. You start out at a higher level of communication that enables you to qualify, select, show and close more efficiently.

IV. Locating Purchasers Through Listings

- A. Do a complete job of listing in the beginning.

Stress the need to cover all matters that should be discussed.

Point out that obtaining the listing in too big a hurry may lead to misunderstandings that could have been avoided - taking the time to do the job right in the first place rather than having to do it over again.
- B. Send a notice to the neighbors.
 1. Tell them you have just listed a home in their area ...and how nice for them to select their own neighbors.
 2. Enclose your card and state you are available at their convenience.
 3. Send notes to a nearby area of smaller homes, suggesting the owners might be thinking of moving to a larger home...and you

have just
listed a very
nice one that
might just fit
their needs.

4. Follow up
with a phone
call.

5. Invite them
to any open
house held.

V. Finding Purchasers From
Floor Duty

Tell group that from floor duty
come ad and sign calls, "walk-ins,"
and purchasers of other agents
who are not available to show
property.

A. Handle callers for
other agents.

1. Don't tell
the caller
that the
agent is
unavailable.

2. If a new
referral, make
the appoint-
ment and try
to contact
the agent.

3. If no luck,
keep the
appointment
yourself.

Explain that most offices have
a set, recommended referral fee
and that if you just take the
name and number, that may be the
end of it, and everyone is the
loser.

4. If it is a
a person the
the agent has
been working
with, and
he/she wants
to see a
certain house
again and now
is the only
time, show it.

Stress that you are on floor
duty to obtain purchasers and
listings and to make money for
yourself and the company, so
know what you are doing.

- B. Turn the floor over to someone else if you have a "walk-in."

Note that you cannot effectively talk to more than one person at a time and sell either of them a home.

State to take your pad and pencil, find out what they want and can afford as quickly as possible, then GO.

- C. Be prepared for any call.

1. Know what is advertised.
2. Be aware of the comparables.
3. Know what has a sign on it.
4. Have your file ready.
5. Know at least one best feature of every house.

- D. Be enthusiastic, but don't oversell.

Show visual, "Make Me an Offer."

Summarize floor duty and obtaining purchasers by stating that ads are put in the paper to bring purchasers and sellers to the office and that signs are put up for the same reasons...don't goof in handling responses to ads and signs.

VI. Making the Most of Open House Opportunities

- A. Again, know your product before holding it "open."

Mention the need to "case" the entire area for blocks to know where the schools, churches, shopping centers, bus stops, etc., are located.

- B. Check for other "For Sale" or rental signs in

Point out that the purchasers will want to know what they could get if they decided to keep

the area and find out what they are selling or renting for and the style of home.

their home and rent or if they really should rent rather than buy; that the cost of most rentals will drive them straight to your arms.

C. Prepare for an appealing environment.

Ask class what preparations need to be made or what needs to be checked.

1. Turn on all the lamps.

2. Open the draperies so the light comes in and the house looks cheery.

3. If summer, turn the air conditioner on.

4. If winter:

a. Have the heat turned on to a comfortable temperature.

b. If there is a fireplace, build a glowing fire whether the house is occupied or empty.

State that on a bitter cold day nothing will keep a purchaser talking to you longer than a nice fire to warm his/her hands by.

5. Get there early and be sure the house and yard are picked up; if not, do it.

Point out that nothing will turn a person off faster than a dark, dismal, and messy home.

- | | | |
|----|---|--|
| 6. | Get rid of any offensive odors, using Lysol disinfectant. | Tell group they will need this if there are animals or if the owners just had cabbage for lunch. |
| 7. | Consider heating a package of sweet rolls slowly in the oven to permeate the entire home with wonderful aroma of freshly baked bread. | |
| 8. | If the home is occupied, tell the owners it is best for them not to be present. | Note that purchasers will feel more at ease sitting and discussing the home without having the owners overhear. |
| 9. | If there are pets, suggest the owners take them with them or leave them with a friend. | Mention that nothing is more irritating than a barking dog or cat that wants to jump all over anyone; not everyone is an animal lover. |
| D. | Put up many arrows early to lead prospective purchasers to the house. | State not to let the prospect give up in disgust because he couldn't find more than one arrow every few blocks; even if the house is advertised "open," many people just go around following arrows - so, make it easy for them. |
| E. | Place the "open sign" in front of the house after putting up the arrows. | Point out that you may still be out putting up arrows when the people begin to arrive; you need to have all the signs up and be ready to have the house open at the appointed time. |
| F. | Greet people at the door, introduce yourself, and hand them a card. | Note that people usually will automatically give their names when you greet them. |

1. Listen carefully to the prospective purchasers' names, writing the name if unusual. Mention that you can ask for their phone number while you are writing names.
 2. Ask them to sign your guest book - handily placed in a spot away from the front door.
- G. Invite them to look around, casually getting any information you can.
1. Analyze people to see if they want you to show them through the home or if they want to go on their own, then discuss it.
 2. Don't force yourself on prospects.
- H. If it is a furnished home likely to draw a lot of attention, have another agent with you, having settled beforehand how the commission on a sale and prospects will be divided. Explain that it is not advisable to just let people wander through a furnished home, particularly when children are present; if anything is broken or disappears, it is on your shoulders.
- I. Try to determine which is the prime prospect and zero in on him/her.

1. Don't judge
by the way
they are
dressed.
2. Don't tie
yourself to a
nosey neighbor
or other
unlikely
prospect.

J. If the "lookers"
would like a less
expensive home
(not "cheaper")
and you are not
tied up with
another party,
determine needs
and make an
appointment as
soon as possible.

1. If there are
two agents
present and
the buyer
would like to
go right away,
then go.

2. If you cannot
leave, call
the office
and try to
get a replace-
ment for the
open house.

3. If the house
is not
advertised
"open," and
you have been
sitting there
for the sole
purpose of
getting a "hot
prospect,"
pull up the
"open" sign
and go.

State that many a \$30,000 home
is sold from "sitting" on a
\$60,000 one.

4. If a "looker" does not want to give you his/her name, refuses to sign the guest book, doesn't want your card but does want to look around, smile and let him/her alone.

K. Learn to handle other agents' prospective purchasers.

Tell class that sending buyers to "open houses" while you are off elsewhere is not an approved practice; it is highly unethical to tell them to give false names and phone numbers.

1. If one tells you he/she is working with another agent, but would like to see the house, let him/her do so.

Ask: If they take up none of your time and ask no questions, what have you lost?

2. If he/she takes up a lot of your time, asks a lot of questions, and shows a genuine interest, try to write that contract.

Stress that if you don't, you're doing a disservice to your seller - and that is who you are working for.

Explain that the proper procedure when you cannot take your purchaser to an "open house," is to call the listing agent's office, ask if they mind if you send your party over (if they ask no questions and take up no time).

Caution that if the purchaser likes the house, you are the forgotten man.

Emphasize that the best solution is to take your buyer to the property yourself or make arrangements with one of your coworkers to do a favor for you.

VII. Buying Prospects from
Other Agents

Bring out that some agents are luckier than others and when they sit down to floor duty, the phone won't stop, but no matter how good you are, you can only handle so many people at one time.

A. Convince that lucky agent that he/she can only handle so many people at one time, and "buy" his/her overflow.

State that it is worth paying 10% or whatever the agreed price might be and have 90% of something rather than 100% of nothing.

B. Make the same arrangement with those in the rental department and those sitting on subdivisions.

C. Find out if the agent on the open house has any prospects to spare.

D. Remember when you have an excess, don't be greedy - sell them.

VIII. Summarizing and
Applying Unit XXVI:
Obtaining Prospective
Purchasers

A. Checkup: Obtaining Prospective Purchasers

Distribute for completion by next class session.

B. Application
Commitment Plan:
Obtaining Prospective Purchasers

Assign group to complete and sign this, reminding them that application experiences will be discussed at the beginning of the next class session.

IX. Supplemental Materials

Attachment A

Visual - "Putting Yourself in Your Clients Shoes"

Attachment B

Visual - "Dare to be Different"

Attachment C	Visual - "Make Us an Offer"
Attachment D	Checkup: Obtaining Prospective Purchasers
Attachment E	Answers to Checkup
Attachment F	Application Commitment Plan

Attachment D

CHECKUP: OBTAINING PROSPECTIVE PURCHASERS

A. Building Your Referral Business

Circle the letter of the one best answer for each of the following:

1. The best source of prospective purchasers is:
 - a. buying prospects from other agents.
 - b. referrals.
 - c. special gifts at moving time.
 - d. listings.
2. In building a referral business, it is important to:
 - a. focus on people rather than on property.
 - b. focus on open houses rather than floor duty.
 - c. focus on listings rather than on sales.
 - d. focus on property rather than on people.
3. An efficient follow-up system is required in order to:
 - a. find purchasers from floor duty.
 - b. notify the neighbors of a new listing.
 - c. prepare for an appealing environment in an "open" house.
 - d. keep in touch with all sources of potential referrals.
4. Which of the following is not a way to help purchasers endure the difficulties involved in processing a real estate sale?
 - a. Have the patience to live with and help customers over the emotional hurdles.
 - b. Demonstrate understanding.
 - c. Show your own frustration with delays.
 - d. Communicate effectively with people even when they are upset.
5. Which of the following is not a way to show buyers and sellers that you can be believed or have credibility?
 - a. Don't make promises you cannot keep or do not plan to keep.
 - b. Don't bother yourself with the little details - keep the big picture in mind.
 - c. Don't make statements you cannot defend.
 - d. Don't bluff your way through when you don't know the answers.

6. The four "vitamin A's" that you can give to others to make them feel better, more important, and more comfortable are:
- a. action, acceptance, approval, attention.
 - b. assent, accent, acceptance, attention.
 - c. attitude, attention, acceptance, approval.
 - d. attention, acceptance, approval, appreciation.
7. Which of the following is not appropriate to send to people with whom you have completed a successful or satisfying real estate transaction?
- a. Personal notes of interest.
 - b. Christmas cards and cards for other special occasions.
 - c. Personalized items of clothing.
 - d. Gifts for the new home.
8. It would be a mistake to:
- a. save your business cards for those who are actively engaged in real estate transactions.
 - b. consider any satisfied purchaser or seller as a potential referral source.
 - c. put yourself in your clients' shoes.
 - d. dare to be different.

B. Locating Purchasers Through Listings

For each of the following, indicate that it is true (T) or false (F) in the space provided. Correct any false items so that they read as true.

9. _____ Doing a complete job of listing in the beginning can lead to referrals.
10. _____ People who live nearby a new listing are unlikely to be prospective purchasers and usually cannot give you any referrals.
11. _____ It is a mistake to invite neighbors to an open house for a new listing because they are likely to be nosey and take up your valuable time.

C. Finding Purchasers from Floor Duty

12. Briefly explain the procedure for handling callers for other agents:

13. State what to do when you have a "walk-in" and give a reason for your answer:
14. List at least three ways in which you can be prepared for any call during floor duty:
 - a.
 - b.
 - c.

D. Making the Most of Open House Opportunities

For each of the following ways of making the most of open house opportunities, state the activities that can help you accomplish this.

- | <u>Ways of Making the Most of
Open House Opportunities:</u> | <u>Activities That Can Help to
Accomplish This:</u> |
|---|---|
| 15. Know your product before holding it "open." | |
| 16. Prepare for an appealing environment. | |
| 17. Put up arrows and "open house" sign. | |
| 18. Get the names of people who come to "open" houses. | |
| 19. Help "lookers" who want to look right away at a less expensive house than the "open" one. | |

E. Buying Prospects from Other Agents

20. Name at least two sources from which you can "buy" prospects (real estate situations in which the agent may have an overflow of prospective purchasers):

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Attachment E
Answers to Checkup
Unit XXVI

- A. 1. b. 5. b.
2. a. 6. d.
3. d. 7. c.
4. c. 8. a.
- B. 9. True
10. False, Correction: People who live nearby a new listing are likely to be or may be prospective purchasers and usually can give you referrals.
11. False, Correction: Neighbors should be invited to an open house for a new listing.
- C. 12. Don't tell the caller that the agent is unavailable. If a new referral, make the appointment and try to contact the agent. If no luck, keep the appointment yourself. If it is a person the agent has been working with, and he/she wants to see a certain house again, and now is the only time, show it.
13. Turn the floor duty over to someone else if you have a walk-in. You cannot effectively talk to more than one person at a time and sell either of them a home.
14. Know what is advertised. Be aware of comparables. Know what has a sign on it. Have your file ready. Know at least one best feature of every house.
- D. 15. "Case" the entire area for blocks to know where the schools, churches, shopping centers, bus stops, etc. are located. Inspect the property thoroughly before an opening.
16. Turn on all the lights. Open the draperies so the light comes in. Turn the air conditioner on during the summer. Adjust to a comfortable temperature and build a fire during the winter if there is a fireplace. Make certain the yard is picked up. Get rid of any offensive odors. Heat a package of sweet rolls in the oven. Try to get pets out of the house. Try to avoid having the owners present.

17. Put arrows up early and have many arrows to make it easy for prospective purchasers.
18. Ask people who come to "open" houses to sign your guest book, and listen carefully to their names, writing them down if unusual.
19. Determine needs and make an appointment as soon as possible. If there are two agents present and the buyer would like to go right away, then go. If you cannot leave, call the office and try to get a replacement for the "open" house.
20. Buy the overflow of agents who have many prospects. Make the same arrangement with those in the rental department and in subdivisions.

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Attachment F

APPLICATION COMMITMENT PLAN: OBTAINING PROSPECTIVE PURCHASERS

I agree to carry out the following activities, designed to apply principles presented in Unit XXVI: Obtaining Prospective Purchasers.

Check Activities to
be Carried Out:

1. Maintain accurate follow-up records in order to keep in touch with sources of potential referrals.
2. Try to contact each source three or four times each year through personal notes of interest, Christmas cards, and/or cards for other special occasions.
3. Distribute my business cards at every opportunity.
4. Go beyond the call of duty in helping purchasers endure the difficulties in processing a real estate sale.
5. Avoid a "credibility gap" or demonstrate that I can be believed.
6. Put myself in my clients' shoes or demonstrate empathy.
7. Take care of all the little details involved in real estate transactions, giving extra service when possible.
8. Dare to be different or look for new and different ways to make myself remembered by buyers and sellers.
9. Be prepared for floor duty and carry out responsibilities thoroughly and conscientiously.
10. Prepare to make the most of open house opportunities especially preparing for an appealing environment.
11. Attempt to "buy" prospects from other agents.

Signed _____

Application Record

(Keep in Notebook)

UNIT XXVII: CLOSING THE SALE

COMPETENCY STATEMENT:

After completing this lesson, the student will be able to:

1. Determine if all conditions have been fulfilled before attempting to close a sale;
2. Recognize clues concerning the appropriate time to close;
3. Handle objections to closing the sale, using at least two techniques presented; and
4. Apply on the job or in a role-playing situation techniques of closing the sale, demonstrating that he/she knows where and how to close.

RECOMMENDED RESOURCES:

National Association of Realtors, Realtors Institute Reference and Practice Book: Vol. I. Chicago: National Association of Realtors (1977). Chapters 9, 10 and 11.

O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company (1978). Chapters 6 thru 12.

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press (1978). Chapters 7 thru 12.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed. Cincinnati: Southwestern Publishing Co., (1979). Chapter 21.

CONTENT OUTLINE

- I. Review of XXVI
- II. Closing Conditions and Clues
 - A. Fulfill the conditions required for closing.

TEACHING SUGGESTIONS AND REFERENCES

Go over answers to Unit XXVI quiz and check student experiences with the Application Commitment Plan.

Stress that certain conditions must be fulfilled before beginning to close.

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1. Purchasers must agree on all points leading to the total decision to buy.

Explain that this means helping the purchaser to make a series of small decisions or to reach agreement that important aspects of the property meet his/her needs and desires.

Call for examples of ways to obtain agreement or make small decisions that confirm each positive point about the house.
2. They must become actively and emotionally involved with the property.

Note that as long as the purchasers remain passive spectators, they cannot be led to a favorable decision regarding buying the house.

Recommend helping purchasers visualize owning the home and enjoying its living benefits: "Can you picture coming home to this quiet retreat?"
3. They must feel free to express themselves.
 - a. Serve as a "sounding board" for their thoughts and emotions.

Ask how to do this.
 - b. Make it easy for them to talk and ask questions.

Explain that this is done by reflecting genuine interest in each response as purchasers inspect the property.
 - c. Don't get in the way or impose your likes and dislikes on them.

Mention that some sales people create more problems for themselves than they can solve by failing to heed this advice.

4. Purchasers' attention, interest, and desire must be stimulated before they will take action.

- a. Use the "AIDA" formula. Show on the board or on a transparency:

A (Attention) + I (Interest) +
D (Desire) = A (Action) or A Sale

- b. Get attention by calling the purchaser by name.
- c. Arouse his/her interest by showing and explaining.

- d. Convert interest into desire by exhibiting enthusiasm and confidence.

- e. Obtain action by asking questions with a "yes" response and by using other effective closing techniques. Call for examples of questions with a "yes" response.

5. Closing is based on creating a sense of urgency that helps the purchaser to make up his/her mind now. Ask in what ways the agent can create a sense of urgency.

a. Create buyer urgency to reach a decision before someone else buys that unique home.

b. Create urgency in terms of possession. Cite: "Only if we reach a decision today can we be sure to have time enough to complete all the details of the transaction in time for you to move in by the date you have in mind."

c. Create urgency in relation to financing. Point out that with changing interest rates, availability of mortgage funds, and motivations of sellers and lenders, we have justification for creating urgency to accept good financing when it is at hand.

d. Create urgency in terms of moving in the right season or enjoying the pleasures of the home during prime seasons. Call for examples of phrases to use.

- e. Create urgency concerning the timing for selling purchaser's present home in order to buy the new one. Provide this example: "Now is the best time to put your home on the market since it will be exposed to buyers under the most favorable conditions."
 - 6. The purchaser's objections must be overcome before the sale can be closed. State that ways to overcome objections will be presented in detail shortly, but first we need to consider clues in closing.
- B. Be alert for clues that closing time is near. Show visual, "Looking for Closing Clues."
 - 1. Use this question to determine if prospects are interested in a home you are showing: "Would you like to inspect any portion of the home again before we leave?" Bring out that if they reply "yes" and return to a particular area or room, you know they are interested.
 - 2. Begin to close when the purchaser starts talking about:
 - a. What he/she can do to really make this a place of beauty.

- b. Where the furniture will go.
 - c. What a perfect room this is for Susie.
- 3. Know when to stop talking and start writing:
 - a. When the purchaser starts to agree with the sales talk, just listen. Explain that he/she will tell you himself/herself what he/she likes about the property and really begin to reinforce his/her decision.
 - b. When the prospect goes the agent one better in boosting the property, just nod in agreement. Tell group to let him/her go on with his/her emphasis or let him/her pause and think about it.
 - c. When he/she says it will do the job or fill his/her needs, he/she is already sold. State not to say another word - just close the transaction with your pen and pad.

- d. When he/she says his/her family likes it, relax and let him/her talk about his/her family.
- e. When he/she starts to nod approval, be content to answer questions and don't go off on tangents, introducing new subjects. Recommend not letting the purchaser or yourself wander off into areas that will merely confuse - keep the conversation on target.
- f. When the husband and wife start to discuss positive aspects of the purchase, don't interrupt - let them work it out between themselves. Explain that if the strong one is sold, that one is likely to sell the other; frequently, they can sell each other. Suggest giving the husband and wife an opportunity to talk privately: "Perhaps you would like to stroll through the home privately while I am checking on a few details." Summarize closing conditions and clues by stating, "When you sense that the proper level of desire has been attained, CLOSE!"

IV. Overcoming Objections

- A. Recognize why people object when they are faced with a buying decision. Obtain reasons from group.

1. They fear making the wrong decision.

2. They fear any change.

3. They may introduce objections merely to give themselves time to think and prevent an immediate decision.

Note that this is why so many objections are insincere or defensive in nature.

Show cartoon, "These Joists Feel a Bit Shaky."

4. They may have genuine or primary objections to the house itself - objections that require concrete answers.

Stress that no home is perfect, and you must help the purchaser balance the advantages against the disadvantages and demonstrate that there are more advantages.

B. Always agree with the purchaser.

1. Never argue.

2. Don't get caught in the middle between husband and wife and don't side with either one.

State that one may change his/her mind as soon as he/she finds the other likes it; whichever one you choose will be the wrong one.

a. Agree with both.

Show cartoon, "Having Semi-Rural Aspect."

b. Point out the advantages of each home.

- c. Try to find the home that suits them both. Bring out not to box yourself into a corner; to be a friend to both, not an enemy to one.
- C. Use the "yes, but" technique in overcoming objections - agreeing, but leading their thinking with another question or statement. Give these examples: "Yes, the appliances are old, but if this has everything else you want, how nice to add the appliances of your choice." "Yes, the outside is not distinctive, but with a different color trim and shutters, it could be the outstanding house on the block."
- D. Handle the "I want to think it over" objection. Point out that this is a sign the purchaser needs help; either he/she is ready to buy and fears taking the final step, or he/she needs to solve problems that have not yet been satisfactorily answered.
- Emphasize that now is not the time to let the purchasers go.
1. Put yourself on their side and relax their fears about making a decision now. Provide this phrase: "I understand how you feel. It is a big step to take, and most buyers feel as you do at this point."
2. Verify, item by item, their understanding and questions about every major aspect of the transaction. Cite: "While we are still together and so we can be certain we have covered all of the things you might want to review, let's go through the major points once again. Now, do you have any questions about the financing...about possession...etc.?"
3. Use an appeal to urgency after completing the summary of major points. Ask students as a review how urgency can be created.

E. Handle price negotiations.

1. Don't fall into the trap of stating a price other than the listed one.

Explain the hazard: "You suggest a price because that is what you think it is worth, then get to the presentation and find the appraisal came in at the listed price. Not only are you going to look stupid and highly unprofessional, but you have been unethical in violating your client's contract by offering the property for less than the price listed."

Real Article 16 of the Realtor's Code of Ethics and/or use the "Case Problem" at the end of this unit.

2. Let the buyer make the offer.

Recommend this response: "We have not been authorized by the sellers to offer the property for less than listed price...what did you have in mind?"

Point out that you remain in control, and the purchaser must make the first bid; whatever he/she names as his/her starting price, you have a chance to work upwards before closing.

3. Be certain that closing costs have been covered in advance.

Consider obtaining copies and distributing Buying a Home?... Don't Forget Those Closing Costs! - available from HUD Area Office or HUD/FHA Insuring Office (4 page leaflet).

State that you should have given the purchaser one of the forms with itemized and estimated closing costs, and this should have been done during the initial interview.

Add that if you have given the purchaser just a "ball park" figure for closing costs, to take the itemized form to him after your offer is ratified.

Ask what can happen to your objective of obtaining the offer if closing costs have not been covered previously.

V. Closing with Confidence

Tell group that we now will concentrate on specific closing techniques that if learned and applied, can enable you to close with confidence when the time is right.

A. Assume the close.

1. Exhibit a positive position of confidence that the purchasers will buy.
2. Answer questions or objections as they arise.

State to guide the prospects along the pathway to agreement one step at a time.

B. Ask a closing question.

Ask what is meant by a closing question and develop into a definition such as the following: "A closing question is any inquiry, the answer to which can be entered on the purchase agreement.

1. Ask a little question that can carry the big decision if the response is positive.
2. Avoid the big question, "Do you want to buy this house?"

Provide this example: "Mr. and Mrs. Cameron, the owners are willing to give possession in 30 days. How will that fit into your plans?"

Explain that this is too much to handle and raises fears that may prevent the purchasers from deciding now.

Call on class for examples of closing questions.

C. Close on the purchasers' questions.

Note that this involves turning any question asked by the prospect into a closing tool.

1. Avoid answering "yes" or "no" to purchaser's questions.

Cite for what not to do: "Do the rugs and drapes go with the house?" (purchaser) "Yes, they do." (agent)

2. Convert the purchaser's question into a closing tool.

Give these examples of the right way: "Do the rugs and drapes go with the house?" (purchaser) "Do you want the rugs and drapes to go with the house?" (agent) "Can I have possession in 30 days?" (purchaser) "Do you want possession in 30 days?" (agent)

Point out that by tossing the question back to the purchasers, you give them a chance to buy; that every opportunity should be used to turn questions around and direct them toward the close.

D. Use the minor point with alternatives of choice method.

Use as an illustration: "Would you prefer to obtain possession on April or May 1?"

1. Focus on minor points, such as:

- a. Selection of mortgage company.

- b. Repairs or additions to the property.

- c. Insurance company to be used.

- | | | |
|----|---|--|
| d. | Possession dates. | Call for examples of other minor points. |
| 2. | Give an easy choice between two alternates or variables. | Ask what the use of this method does to the purchase psychologically in terms of reaching a buying decision. |
| E. | Help the purchaser when the choice is between two properties. | State that it may be necessary for you to steer the buyers toward one property in contrast to the other. |
| 1. | Take a sheet of paper and draw a dividing line down the middle, listing benefits of one property on one side and benefits of the other house on the other side. | |
| 2. | Try to start the process with the property you think will win out in the final analysis. | Suggest helping purchasers think of all the reasons they like this house and all the benefits of buying it. |
| 3. | Ask the person who likes the other property to list its benefits without offering any suggestions or help. | Point out that if your original choice was right, the weight of evidence clearly will favor the first property analyzed. |
| F. | Reduce dollar amounts to manageable size. | Explain that \$2,000 sound insurmountable in one lump sum, but when reduced to \$14 per month on |

a mortgage payment or 50 cents a day, the purchaser is likely to go along with a price expressed in this manner.

State that any item involving dollars that may prevent you from negotiating the sale should be approached from the smallest common denominator with which the buyer or seller can identify.

- G. Use the assistance of others when needed to close the sale.

Ask what others might be needed and under what circumstances, mentioning one's broker or sales manager or another sales agent.

VI. Knowing Where and How to Close

- A. Try to close where you have the most things working for you - at the property itself.

1. If the owners are home, go to the basement or the car.

Emphasize not to take the time to drive back to the office as the time required for the trip may cool off the purchaser's enthusiasm.

2. Strike while the iron is hot - sit right down after all obstacles have been overcome.

- B. Ask for and obtain large deposits.

1. Receive large deposits at the time the offer is made because:

Note to get at least enough to cover the commission.

- a. This takes the buyer out of

the market
place and
discourages
him/her
from look-
ing around
after
his/her
offer is
accepted.

- b. The size State that nothing talks as loud
of the as cash.
deposit
often
influences
the
seller
when he/
she is
unhappy
with the
price.
- c. If a
for-
feiture
results,
there
should
be a
suffi-
cient
amount to
justify
the incon-
venience
to the
seller.
- d. A large
deposit
is the
best
assurance
you can
obtain
in trying
to make
certain
for the
seller

and your-
self
that the
transac-
tion will
be closed.

2. Avoid taking a note. Recommend that if you must take a note, make it due and payable within 5 days and be sure to collect when it is due.

Caution not to take a note for 30 days or "due at settlement," for you may never get to settlement.

- C. Get out while excitement still runs high - after you have written the contract, have it properly signed, and have a large check in hand. Point out that many buyers cool off after they make the decision and start wondering if they took the right step; if you think it was hard selling them the first time, try selling them all over again when they get "buyer's chills."

1. Try not to be available until after the offer is acted on. Stress not to give the purchasers a chance to contact you after they arrive home and possibly change their minds.

2. Get them home as quickly as possible after the contract is signed.

- a. Quickly usher them to their car or ask another agent to drive them.

- b. Avoid discussing the contract if Ask why.

you must
drive
them
home.

VII. Summarizing and
Applying Unit XXVII

Instructor Note: Use Application
Plan at the end of Units XXVIII;
and, quiz material for Unit
XXVII is merged with Unit XXVIII,
also.

The Instructor may wish to defer
the Application of this Unit
until the conclusion of Unit
XXVIII.

VIII. Supplemental Materials

Attachment A	Visuals
Attachment B	Visuals
Attachment C	Visuals
Attachment D	Case Problem

Attachment D

CASE PROBLEM

Client A complained to the Real Estate Commission that Broker B had violated his/her instructions by informing a prospect that he/she felt that a property owned by Client A, listed with Broker B, could be purchased for \$23,500 when the listed price was \$25,000. The client's wife had overheard the Broker make such a statement to the prospect while showing the house. Investigation revealed that the client had told the Broker at the time of the listing that if the property did not sell within 30 days at \$25,000, he would consider a reduction to \$23,500 at that time. The property had been listed for 20 days at the time it was shown to the prospect, at which time the statement was made. Broker B, in his/her defense, stated that he/she felt that since the stipulated period was two-thirds gone without the property being sold at the listed price, it was time for him/her to begin to solicit offers at the lower price.

Questions

1. Were Broker B's actions in violation of the Code of Ethics?
2. If so, what Article of the Code of Ethics was violated?
3. If you regard Broker B's actions as improper, what should have been his/her course of action when the prospect asked whether a lower offer would be accepted?

*John T. Ellis, Final Test of the Real Estate Diploma Program.
Arlington: Distributive Education Service.

UNIT XXVIII: CLOSING THE SALE (Continued)

After completing this lesson, the student will be able to:

1. Follow guidelines given in preparing the contract;
2. Carry out procedures for presenting the contract and following through;
3. Complete with 80% accuracy the quiz, "Checkup: Closing the Sale"; and
4. Implement selected activities from the Application Commitment Plan for Units XXVII and XXVIII and maintain a continuing record of his experiences.

RECOMMENDED RESOURCES:

National Association of Realtors, Realtors Institute Reference and Practice Book: Vol. I. Chicago: National Association of Realtors (1977). Chapters 9, 10 and 11.

O'Donnell, Paul T. and Eugene L. Maleady, The Practice of Real Estate. Philadelphia: W. B. Saunders Company (1978).

Speck, John R., Residential Selling Strategies: A Systems Approach to Listing and Selling Real Estate. Baltimore: Real Estate Press (1978). Chapters 7 thru 12.

Unger, Maurice A. and George R. Karvel, Real Estate Principles and Practices, 6th Ed. Cincinnati: Southwestern Publishing Co., (1979). Chapter 21.

CONTENT OUTLINE

- I. Review of Unit XXVII
- II. Preparing the Contract

A. Take care with names.

1. Be certain you have both buyer's and seller's names spelled correctly.

TEACHING SUGGESTIONS AND REFERENCES

State that the legal aspects of the purchase agreement are covered in the earlier topics, but certain points will be stressed here.

2. Obtain all signatures as they are signed legally. Note that nicknames are not acceptable.
 3. Include Jr. or Sr. when applicable.
 4. Get the initials. Mention the many duplications in names and the difference initials can make in clarifying which party is involved in the contract.
- B. Make certain the legal description is correct, checking against the tax books or deed description. Tell group that although addresses seldom change, it is possible, but the only time a legal description changes is when a portion of the lot has been sold and re-subdivided.
- C. Don't get involved in chattel property (personal property). Point out that more contracts have been lost over the inclusion of minor personal belongings than for almost any other reason.
1. Write in "all items as per attached listing agreement" or list all items.
 2. Include when applicable the phrase, "all (items) now presently installed in property." Cite this example: Suppose one room has carpeting cut to fit, but it is not installed or included in the sale, and no notation has been made on the listing. If you have written "now installed," you are in the clear, but if you have written "wall to wall carpeting," there could be trouble.
 3. Tell the buyer that any separate items not included in the listing are not included, but after the contract has been accepted, you will submit a list

to the seller to consider (to be handled by a separate bill of sale between buyer and seller).

4. State in the contract if the listing specifies that certain items will not be included and will be replaced.

Emphasize never to depend on the spoken word; if it is not in writing, it is only as good as the paper it is written on!

5. If the seller wants to exclude but replace any item, advise him to do it before the house is put on the market.

Note that if he were to get an exact duplicate, the buyer would insist it was not as good.

D. Check your financing figures.

1. Be sure the down payment and the loan add up to the sales price.

2. Round off your figures.

Bring out that loans are not made in uneven increments such as \$19,549.23; round it off to \$19,500.

3. Keep in mind that if you cannot raise the loan amount to make it come out even, it must be lessened and the down payment increased.

State that in most instances the amount will be rounded to the nearest hundred, but government loans are made in \$50 increments.

E. Fill in all necessary blanks or insert "n.a." where not applicable.

- F. Be certain that the correct percentage of commission is entered and the type of co-op with the listing broker spelled out so there will be no disputes.

G. Write the offer simply, clearly, with no contingencies, no chattels, a fair price, and you'll have a sale.

Mention not to spend the commission until you have it in the bank and to put aside enough to pay the income tax.

Show a sample contract filled out correctly in terms of the points presented.

III. Presenting the Contract

A. Make certain that the seller and prospective purchaser understand what may happen when the contract is presented:

Ask what may happen.

1. The offer may be accepted.
2. The offer may be rejected.
3. A counter offer may be proposed.

B. Prepare to present the contract.

1. Register the offer with the listing company.
2. Have someone else call for you to make the appointment with the sellers.
3. Ask yourself and answer these questions:
 - a. Is this a reasonable offer?
 - b. Why should the owners accept this offer?

Suggest the office secretary or another salesperson.

Ask why, bringing out that this avoids having to discuss or justify the offer by phone.

- c. What is likely to happen if they reject or counter this offer?
- d. How will the urgency of the seller's situation affect their decision?
- e. What facts can you present to obtain a favorable decision?
- f. How much activity and offers have these owners experienced since listing the property?

4. Carry out these steps:

- | | |
|--|---|
| a. Compute the net equity of the offer to purchase. | Stress that the sellers will certainly want to know before they accept or reject the offer. |
| b. Compare to the net equity they would have received at maximum listed price and terms. | Point out that if you have a larger down payment than the minimum expected, there may be substantial savings in costs which might have been borne by the seller. |
| c. Determine the activity the property has experienced. | Note the importance of keeping complete listing records to determine how many times the home has been shown, the record of any other offers and results, and the number of times the house has been advertised. |
| d. List all the benefits of your agreement to purchase. | |

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C. Go to the sellers with the offer to purchase.

1. "Break the ice" before giving the details of the offer. State that since the sellers are likely to be quite anxious, remarks are needed that will help to put them at ease.
2. Go over any contingencies or conditional elements carefully so there is no doubt in anyone's mind.
 - a. Try, of course, to avoid any contingency.
 - b. When contingencies must be involved:
 - (1) Use a positive approach. Cite: "This contract is contingent upon buyer getting 90% of selling price financing at 10% interest."
 - (2) Cover these first. Ask why, bringing out the need to eliminate these factors early in the presentation to avoid having to justify them later.
 - (3) Make any contingency for the shortest term feasible.
3. Check if the settlement date coincides with the listing date.
 - a. If not, explain why not.
 - b. Determine if the date and time agree with the seller's plans.

- c. Avoid mentioning sales price at this point.
- 4. Present the terms and price of the offer.

- a. Point out what type of loan is to be obtained, making clear any points to be charged the seller.

Tell group to make it clear that you cannot guarantee this amount, but you will get the best available and a firm quote when the purchaser makes loan application.

Suggest explaining that the real estate industry does not sell or control money or points, but real estate personnel do shop the various loan companies to get the best available for both parties.

- b. Explain thoroughly that any refinancing is contingent upon an appraisal before a loan can be committed, and the contract so states.

Mention that many sellers believe that only VA and FHA loans require an appraisal.

- (1) Stress that an appraisal is one man's opinion and that it is sometimes necessary to go to more than one lending institution if the first appraisal comes in below the contract price (does

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not apply
to VA
and FHA
appraisals).

- (2) Don't promise anything in less than normal time. Tell class to explain: Each lender has different guidelines and appraisers, and nothing is firm until a lender has the appraisal on the property and the credit report of the purchaser in hand. All of this takes a minimum of two weeks and longer if the purchaser is from another area.

c. Clarify the approximate amount the seller will realize from the sale.

- (1) Explain that the exact amount is dependent upon the seller's loan balance at the time of settlement and his escrow (handled differently by each lender).

- (2) Make it clear that the seller may not walk away from the settlement table with a check in hand. Point out that papers must be reviewed and recorded and all checks cleared before any monies are disbursed; on refinancing, this could take 10 days to 2 weeks.

(3) Don't
promise the
money any
sooner than
anticipated
time for
processing.

d. Let the approxi-
mate amount
"sink in," hand
the sellers a
copy of the net
sheet, then
give them a
copy of the
contract.

5. Ask the sellers to go over everything carefully and to raise any ques- tions; then, sit back and be quiet.	Emphasize the need to "keep your cool" and let the seller break the silence, adding that this is another one of those times when silence is golden.
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D. Know what to do if:

1. The sellers accept
the offer - CLOSE
THE SALE!
2. The sellers con-
sider the offer to
be too low.
 - a. Let them
explode and run
down before you
start to explain
the "why's."
 - b. Explain that
you are required
by law to
present all
offers.
 - c. Do not run down
the property in
responding to
the seller's
objections.

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- d. Make the sellers aware that the buyers are normal, friendly people who are not trying to take advantage of them.

Refer to this as "humanizing" the buyers, stressing that people "buy" people as much as they do real estate.

Recommend telling about the buyers and any reasons for an offer lower than anticipated.
- e. Emphasize the competition.

Suggest making it clear that the buyers have looked at other properties before making this offer - that this is no time to play games with the buyer.
- f. Tell the sellers how hard you worked to get this offer (if you did put forth great effort).

Explain that this helps to lessen their insistence on a counter offer and helps to let the owners know you are on their side.
- g. Show the sellers how little the dollar difference really is and compare to the benefits of selling today.

State to sell "peace of mind" resulting from accepting the offer today.
- h. Point out that the seller now is in the position of a buyer.

Give this example: "Do you want to buy back this house for \$_____ on the gamble you will make more in the four weeks we have left to sell your property? If you do not accept the offer, you actually have decided you want your house more than the buyers, and you are willing to buy it mentally for \$_____ to risk getting an additional \$_____ in the few weeks left."
- 3. You have a reasonable offer that is within the neighborhood market value.

- a. State so.
 - b. Bring out your list of comparables to show what other homes in the area have sold for.
4. The sellers insist on a counter offer.
- a. Be able to recognize the times when a counter offer is fully justified and when it is not. Refer to the frequently repeated response of the seller, "Why don't we just split the difference with them?"
 - b. Do not be too quick to yield until you have explored with the sellers the consequences of a counter offer.
- (1) Remind them that with the offer as it stands they have a sold house, but the minute one item is changed, they have nothing. State that any qualification made by the seller becomes a technical rejection of the buyer's offer, and the decision to buy or not buy now totally shifts to the offeree - a point of law.
 - (2) Use true third party stories. Explain that this means telling a real life experience about someone who turned down an offer or countered one -- only to lose the buyer and be forced later to accept much less.
5. The sellers definitely wish to counter the offer after considering the consequences.

- a. Make the changes and get the signatures.
- b. LEAVE - do not sit around and hash it out. Add that it is important also to leave as soon as possible after an offer has been accepted.

Ask why it is important to leave promptly after either an acceptance or a counter offer.
- c. Promptly call the buyers for an appointment, but don't try to explain the situation on the phone.
- d. Give the buyers something they want to hear before telling about the counter offer. Give the examples of having the possession date desired and leaving rugs and draperies.
- e. Explain the counter offer and why it was made. Cite: "They felt the price was lower than they should accept, but with persuasion, they have agreed to adjust their original position by \$650 -- and for \$29,350 the home is yours."
- f. State that the counter offer is a fair price if you sincerely think so. Stress to remember that you may be in the position of selling this house for the purchasers in 3 or 4 years, and you cannot tell them at that time that they paid too much for the property.
- g. Put the contract in the buyers' hands and wait for their reaction. Note that they may just reach over and sign it.

6. The buyers decide to go along with the counter offer.

a. Have them initial all changes and give them a copy of the contract.

b. Leave promptly.

7. The buyers object to the counter offer.

a. Express your understanding of their feelings.

Point out that their reaction may be, "We're glad they didn't accept the offer. We've been thinking about that place, and we're not sure we made the right decision in the first place."

b. Summarize the benefits of accepting the counter offer.

c. Ask how they would feel if, after looking at other houses and returning to this one, they found it was sold to someone else.

8. The original offer was accepted by the owners.

a. Don't rush to inform the purchasers.

b. Tell them you had a hard time convincing the sellers, but the offer finally was accepted.

State that if they know the seller snapped up the offer right away, they will be mad because they did not make a lower offer.

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- c. Don't conceal what seller or buyer should know, but don't tell everything you know.
- d. Make certain all parties have a copy of the ratified contract - immediately.

IV. Following Through: What to do After the Contract is Signed by Both Parties

A. Make certain all parties understand that once the contract has been signed:

- 1. It is binding and final.
- 2. It cannot be modified or changed without the written agreement of all parties.

B. See that purchasers do make immediate loan application.

C. Don't lose the personal touch even if your firm has a processing department that takes over after you bring in a contract.

Ask: Who are the buyers or sellers going to call when they have a referral in the future - the processing department or you?

- 1. Keep both sellers and purchasers aware of all developments.

Stress to see that everything goes as smoothly as possible.

- 2. Avoid "buyer's chills" following the signing of a contract to purchase.

Ask what can be done to avoid this.

- a. Congratulate the buyer on his/her wise decision immediately after the accepted delivery of the signed contract.
 - b. Reconfirm the main points that led to his/her decision to buy.
 - c. Send or give color photographs of the property to buyers returning home to pack.
- D. Arrange for the pre-settlement check of all utilities and appliances and the change of public utilities for both parties.
- | | |
|---|---|
| E. Be present at settlement, but keep quiet at this time. | Bring out that the attorney will do the advising and explaining and that you, the agent, are there for moral support. |
|---|---|
- | | |
|--|---|
| F. Don't forget the purchaser after he/she has moved in. | State that here is your bread and butter if you follow through and keep in touch. |
|--|---|
- V. Summarizing and Applying Units XXVII and XXVIII
 - | | |
|------------------------------|---|
| A. Checkup: Closing the Sale | Use this quiz as a written or oral review of Units XXVII and XXVIII, providing answers since this is the final class session. |
|------------------------------|---|
 - | | |
|--|--|
| B. Application Commitment Plan: Closing the Sale | Have students complete this, pointing out that they should implement selected activities |
|--|--|

on their own even though there will not be another class session to discuss application experience.

C. Role playing situations (optional)

Consider, depending upon time available, having at least one demonstration each of the types listed or suggest that class members try to arrange role playing demonstrations within their own firms.

1. Handle objections to closing the sale, using at least two techniques presented.
2. Apply techniques of closing the sale, demonstrating knowledge of where and how to close.
3. Present the contract to an owner.
4. Present a counter offer to a prospective purchaser.

VI. Supplemental Materials

Attachment A

Checkup: Closing the Sale

Attachment B

Answers to Checkup

Attachment C

Application Commitment Plan

Attachment A

CHECKUP: CLOSING THE SALE

A. Closing Conditions and Clues

Circle the letter of the one best answer for each of the following:

1. A sales agent can help purchasers agree on all points leading to the total decision to buy by:
 - a. creating urgency in terms of possession.
 - b. helping the purchasers to make a series of small decisions.
 - c. using "picture phrases."
 - d. serving as a "sounding board" for their thoughts and emotions.
2. Purchasers become actively and emotionally involved with the property when they:
 - a. use the AIDA formula.
 - b. talk freely and ask questions.
 - c. visualize enjoying the living benefits of the home.
 - d. feel an urgency to purchase in terms of timing.
3. The AIDA formula includes:
 - a. acceptance, involvement, desire, and action.
 - b. attention, individualism, dedication, and action.
 - c. action, interest, decision, and answers to objections.
 - d. attention, interest, desire, and action.
4. Which of the following is not a factor likely to create a sense of urgency on the part of the prospective purchaser?
 - a. anticipation of change
 - b. current financing advantages
 - c. moving in the right season
 - d. obtaining possession at the right time
5. An example of a closing clue is when:
 - a. the purchasers feel no need to inspect any area of the home again.
 - b. the purchasers express no objections concerning the property.
 - c. the purchasers indicate what they can do to improve the property.
 - d. the purchasers state that they want to think it over.

6. In which of the following situations should the sales agent remain silent?
- a. The purchasers have primary objections to the house itself.
 - b. The agent is attempting to arouse the interest of the purchasers.
 - c. The agent is attempting to create a sense of urgency to purchase.
 - d. The husband and wife start to discuss positive aspects of the property.

B. Overcoming Objections

For each of the following, indicate that it is true (T) or false (F) in the space provided.

7. _____ Some objections are excuses to avoid making a decision, while others are genuine or primary objections to specific aspects of the property.
8. _____ When a husband and wife disagree concerning the merits of two properties, the agent should side with the one who seems to make the decisions in the family.
9. _____ An example of the "yes, but" technique is: "It does seem as though the house is very close to the street; however, with the fenced-in yard, your young children should have adequate protection from traffic."
10. _____ When the purchaser says, "I want to think it over," the sales agent should summarize every major aspect of the transaction.
11. _____ When the purchaser says, "I want to think it over," this is the wrong time to try to create a sense of urgency to purchase.
12. _____ The sales agent should suggest to the purchaser an amount that would represent a reasonable offer, especially when the purchaser is inexperienced in real estate transactions.
13. _____ Covering closing costs during the initial interview with the purchaser can help the sales agent handle price negotiations.

C. Closing with Confidence

14. What is meant by the statement, "Assume the close"?

15. Define in your own words a closing question.
16. Give an example of converting a purchaser's question into a closing tool.
17. Give an example of the minor point with alternates of choice method.
18. What technique should be used when the sales agent is attempting to help the purchasers decide between two properties?
19. How can a sales agent reduce dollar amounts to manageable size?

D. Knowing Where and How to Close

Complete the following statements:

20. The best place to close the sale with the purchaser is:
21. Two reasons for asking for and obtaining large deposits are:

22. After the contract is written and signed and a deposit has been made, the sales agent should try not to be available until after the offer has been acted on because:

E. Preparing the Contract

23. State three guidelines to follow in preparing the contract:

F. Presenting the Contract and Following Through

For each of the following situations stated on the left, describe briefly on the right how to handle the situation:

Situations:

How to Handle:

24. Making an appointment with the sellers to present the offer.
25. Going over any contingencies or conditional elements in the contract.
26. Clarifying the approximate amount the seller will realize from the sale.
27. Dealing with sellers who consider the offer to be too low.

Situations:

How to Handle:

28. Justifying a reasonable offer that is within the neighborhood market value.
29. Explaining a counter offer to prospective purchasers.
30. Following through after the contract is signed by both parties.

Attachment B

Answers to Checkup

Units XXVII and XXVIII

- A. 1. b. 4. a.
2. c. 5. c.
3. d. 6. d.
- B. 7. True 11. False
8. False 12. False
9. True 13. True
10. True
- C. 14. Exhibit a positive position of confidence that the purchasers will buy. Answer questions or objections as they arise. Guide the prospects along the pathway to agreement one step at a time.
15. Closing question - any inquiry, the answer to which can be entered on the purchase agreement.
16. "Do the rugs and drapes go with the house?" (purchaser)
"Do you want the rugs and drapes to go with the house?" (agent)
17. "Would you prefer to obtain possession on April 1 or May 1?"
18. Take a sheet of paper and draw a dividing line down the middle, listing benefits of one property on one side and benefits of the other house on the other side. Try to start with the property you think will win out. Ask the person who likes the other property to list its benefits without offering any help.
19. Approach any item involving dollars from the smallest common denominator with which the buyer or seller can identify - so much per day, week, or month, for example.
- D. 20. at the property itself where you have the most things working for you.
21. (1) This takes the buyer out of the market place and discourages him from looking around after his/her offer is accepted. (2) The size of the deposit often influences the seller when he/she is unhappy with the price.

22. the purchasers may change their minds if they have an opportunity to be in touch with the agent after they have made an offer.
- E. 23. (1) Take care with names. (2) Make certain the legal description is correct, checking against the tax books. (3) Don't get involved in chattel property. (4) Check your financing figures. (5) Fill in all necessary blanks or insert "n.a." (6) Be certain that the correct percentage of commission is entered and the type of co-op with the listing broker spelled out. (7) Write the offer simply, clearly, with no contingencies, no chattels, and a fair price.
- F. 24. Have someone else call for you to make the appointment with the sellers.
25. Use a positive approach. Cover contingencies first to avoid having to justify them later in the presentation. Make any contingency for the shortest term feasible.
26. Explain that the exact amount is dependent upon the seller's loan balance at the time of settlement and his/her escrow. Make it clear that the seller will not walk away from the settlement table with a check in hand. Don't promise the money any sooner than anticipated time for processing. Let the approximate amount "sink in," hand the sellers a copy of the net sheet, then give them a copy of the contract.
27. Let them explode and run down before you start to explain the "why's." Explain that you are required by law to present all offers. Do not run down the property. Make the sellers aware that the buyers are not trying to take advantage of them. Emphasize the competition. If you worked hard to get the offer, tell the sellers. Show the sellers how little the dollar difference really is and compare to the benefits of selling today.
28. If the offer is reasonable and within the neighborhood market value, state so. Bring out your list of comparables to show what other homes in the area have sold for.
29. Don't try to explain the situation on the phone. Give the buyers something they want to hear before telling about the counter offer. Explain the counter offer and why it was made. If you sincerely think so, state that the counter offer is a fair price.
30. Make certain all parties understand the contract is binding and final and cannot be modified without the written agreement of all parties. See that purchasers do

make immediate loan application. Don't lose the personal touch. Arrange for the presettlement check of all utilities and appliances and the change of public utilities for both parties. Be present at settlement, but keep quiet at this time. Don't forget the purchaser after he/she has moved in.

Attachment C

APPLICATION COMMITMENT PLAN: CLOSING THE SALE

I agree to carry out the following activities, designed to apply principles presented in Units XXVII and XXVIII.

Check Activities to
be Carried Out:

- _____ 1. Check to determine if all conditions have been fulfilled before attempting to close the sale with the purchaser.
- _____ 2. Be alert for clues that closing time is near.
- _____ 3. Handle objections to closing the sale, using at least two techniques presented.
- _____ 4. Apply on the job or first in a role playing situation techniques of closing the sale, demonstrating that I know where and how to close and evaluating myself in applying closing techniques.
- _____ 5. Follow guidelines given in preparing the contract.
- _____ 6. Carry out procedures provided concerning presenting the contract, demonstrating that I know what to do in the various types of situations with both purchaser and owner and evaluating myself on my performances.
- _____ 7. Follow through as recommended after the offer has been obtained and accepted.

Signed _____

Application Record

(Keep in Notebook)

UNIT XXIX: SALES AND MARKETING ROUNDTABLE

After completing this lesson, the student will have had an opportunity to hear short presentations from practicing real estate sales agents and brokers relating to their on-the-job experiences; and, have had an opportunity to discuss with these guest lecturers and practitioners questions and concerns relating to sales and marketing in real estate.

RECOMMENDED RESOURCES:

Four (4) or more successful sales agents and/or brokers to appear as special guest lecturers.

CONTENT OUTLINE

TEACHING SUGGESTIONS AND REFERENCES

- | | |
|--|--|
| I. Orient the students to the purpose of this class meeting. | |
| A. To hear first hand experiences from the most successful sales agents and brokers. | The instructor should insure that he has recruited individuals who have a history of success in real estate sales and have a capability of communicating effectively with the class. |
| B. To learn from these active practitioners, what tips, insights, suggestions, etc., they might pass along to the students. | |
| C. Allow the students an opportunity to discuss their questions and concerns with successful real estate sales persons. | |
| II. Summarizing and Applying Unit XXIX | |

- A. Try to summarize the main points made by each guest speaker and, if possible, relate those points to one of the teaching points mentioned in the preceding units.

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UNIT XXX: REVIEW, SUMMARY, AND EXAMINATION/APPLICATION

COMPETENCY STATEMENT:

After completing this lesson, the student should be able to apply the major teaching points of Units XVI through XXIX.

RECOMMENDED RESOURCES:

All previous materials.

CONTENT OUTLINE

I. Review and Summary

TEACHING SUGGESTIONS AND REFERENCES

The Instructor should briefly outline the main points of the material covered in Units XIV to XXIX. If desired, the Instructor may even wish to comment briefly as a review of Units I through XV.

Summarize by asking what the students think are the most important facets of Units XVI through XXIX - and expand or elaborate thereon as necessary.

II. Examination/Application

- A. Give examination or provide an opportunity for (more) role playing.

This is optional with the Instructor, but an examination is recommended. Instructors may develop their own or use questions from the quizzes following most units.